

Cut Taxes Now!

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CANADIAN
Taxpayers
FEDERATION

In this issue:

- * The MPs pension plan
- * Pay equity mugging
- * Gouging at the pumps
- * Why Canada needs a tax cut

The Canadian Taxpayers Federation
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Information:

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit organization. Our three-fold mission is: 1) To act as a watch dog, and to inform taxpayers of governments' impact on their economic well-being; 2) To promote responsible fiscal and democratic reforms and to advocate taxpayers' common interests; 3) To mobilize taxpayers to exercise their democratic responsibilities. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will contributions. *The Taxpayer* is published six times a year and is mailed out of Regina to CTF supporters. For more information write the Canadian Taxpayers Federation at: #105 - 438 Victoria Ave. East, Regina, Sask. S4N 0N7, or phone our toll-free number: 1-800-667-7933. All material in *The Taxpayer* is copyrighted. Permission to reprint can be obtained by writing the address above. Editorial cartoons are used by permission. Printed in Canada.

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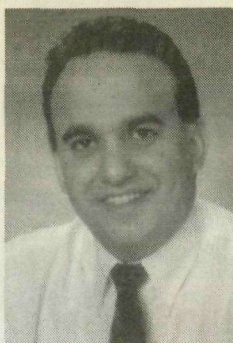
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Troy Lanigan

Troy is the National Communications Director for the Canadian Taxpayers Federation

The genesis of the CTF can be traced to a simple three word slogan: Axe The Tax. The year was 1989 and the tax was the GST.

The battle cry didn't stop the GST but it did give rise to taxpayers getting organized.

Five years later when the House of Commons Finance Committee recommended a slew of new taxes prior to the 1995 federal budget a national taxpayers lobby – the Canadian Taxpayers Federation — was in position to organize opposition. This time the battle cry was No More Taxes! Twenty thousand Canadians from coast to coast participated in nineteen tax alert rallies and a 233,000 signature petition was handed to Finance Minister Paul Martin *before* he delivered his budget.

To be sure, our efforts contributed significantly to averting major tax increases – but the message has yet to sink in.

This issue of *The Taxpayer* highlights how Ottawa continues to inch our taxes upward. Chief among them: Canada Pension Plan premium increases and income tax “bracket creep”. This, despite an expected level of over taxation (read: surplus) of as much as \$10 billion.

It's time to get organized again. “CUT TAXES NOW!” will be CTF's battle cry this fall as we push the federal government to provide real and meaningful tax relief. In November, we will unveil a campaign that will involve a national petition, paid advertising and a comprehensive pre-budget

submission to the federal government.

Part of that pre-budget submission will include your input. Enclosed in this issue of *The Taxpayer* is our annual supporter survey. Please take the time to fill it out. Without your support and input we don't exist.

Another part of our submission will be areas where government can continue to cut wasteful spending – ultimately the best way to protect taxpayers. Regular readers of this publication know we have revealed billions in wasteful spending over the years – this issue is no exception. We've also made several recommendations on how government can operate more efficiently.

Can we succeed? You bet. On our side are the facts, and the conviction that things must change.

Lower taxes will grow our economy. Lower taxes will create new opportunities for tax paying jobs. And because of a growing economy and more people working, governments' will have more tax revenue to pay down our debts and protect essential government programs. Above all, lower taxes mean working families will finally get ahead rather than falling further and further behind each year.

With determination, conviction and the willingness to get organized, a simple three word slogan: Cut Taxes Now can become a reality. And with it, our country will enter a new century with renewed optimism. ■

Letters to the editor

Government waste

I have just received a copy of your report on government waste. I am not surprised. We as citizens pay high taxes and the government turns around and wastes the money not just on grants but in so many other ways. I will show this report to as many people as I can with the hope that they will write their politicians and demand tax relief.

I am grateful for your report and would like to be put on the mailing list for future reports as they become available. I promise that they will not collect dust in my little home office. I will show them to as many people as I can so I can motivate them to complain to their national representative and put a stop to this form of taxpayer rip-off.

*Dalton Fisher
North Delta, B.C.*

Excellent radio ads

We really appreciate you pinpointing the MPs who are wavering in the face of the pension money grab.

We walked many miles with our MP campaigning. One of his constant claims was that the MP pensions were too rich and he would not take it. Now that he is eligible, he is considering taking it. I know that he collects his salary with no guilty feelings, even though there is no way in the world he would earn such an income in the private sector. You are right on in your assessment of the situation. Total disillusionment with Reform is the outcome.

*Toni Chasmar
Saskatchewan*

The next IRS

I believe that the level of taxation is too high. Ultimately this situation holds back the economy of the country and creates an environment where economic development is retarded and good jobs are not available in sufficient quantity.

I have been a chartered accountant for over 20 years and so I see that tax

problem on the front lines. People with relatively modest incomes pay far too much income tax and this becomes obvious when they file their yearly tax returns. Just complying with the Income Tax Act and the Excise Tax Act (GST) has overwhelmed most small business people.

I don't know if your organization has done any work on the proposed conversion of Revenue Canada to a Crown agency. The official line is that this will put tax collection on a more efficient footing and lead to economies by allowing it to become a super tax collection agency for other levels of government and even permit their tax collecting expertise to be exported to other countries.

I believe the true purpose is to permit the politicians and policy makers to hold themselves at arms length from the tax collection and auditing process. Once this happens, I am concerned that Revenue Canada will become even more aggressive in its dealing with taxpayers. They will do this in the knowledge that they are not directly accountable to elected politicians.

It is old news that the income tax rates in BC are far too high. My favourite example is to show people how much purchasing power a bonus of \$1000 provides for a person whose taxable income before the bonus was \$30,000. Ignoring the additional CPP and EI premiums that the bonus would attract, the purchasing power of this bonus in BC is \$526. Once the CPP and EI are taken into account, the purchasing power of this bonus is closer to \$500. No wonder people doubt the value of hard work and enterprise when the governments insist that at least half must be paid to them in

the form of CPP, EI, Income Tax, GST and PST.

JA, British Columbia

Stop poverty cut taxes

Recently I read that Statistics Canada found if you live in a smaller urban centre or rural setting the poverty level is \$18,000 and in a larger urban centre this level is \$21,000. If you earn a yearly income below these levels you are considered poverty stricken.

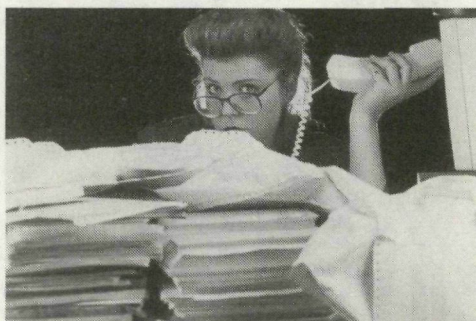
Yet governments will attack these poverty-stricken citizens and assess them personal income tax in the \$4,000 - \$6,000

range annually. Why is a rich government like ours living off the backs of the poor? Furthermore, how can one arm of the government label us financially challenged and the other find you wealthy enough to pay this level of income tax?

My suggestion to alleviate this situation is to raise everyone's basic deduction to the static poverty level e.g. \$19,500.

The spin-off benefits of placing the disposable income in the hands of low-income citizens are many. First, more people would have the incentive to work at lower paying jobs because of the obvious tax advantage. This could remove people off of welfare, EI and other costly social programs.

As more of the income is available to low income people they usually spend most of it so the economy would receive a direct shot in the arm without costly



Letters to the editor

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e-mail: ctf@sk.sympatico.ca

THE TAXPAYER

government intervention.

As we reduce unemployment, welfare and stimulate the economy, how can we not be in a more favourable position?

Robert Roy, Saskatoon, Sask

Tax me, I'm Canadian

Reprinted from the Financial Post Magazine

I recently visited Chase, B.C. to take part in a sporting venture and was glad I took along my red, short-sleeved T-Shirt. The room we got for the night was nice enough at \$53, but the final bill - \$60.95 - made me see red. The extra 15% was for federal GST and provincial room tax.

While socializing with teammates that evening, I donned my special shirt, which shows two lines of white lettering and a symbolic maple leaf emblazoned across the chest. The words say "Tax me, I'm Canadian." Twenty taxes paid by folks in BC are identified in smaller yellow lettering throughout the front of the shirt, including PST, tire tax, property tax, hospitality tax, GST, energy tax, estate tax, alcohol tax, environmental tax, provincial income tax, school tax, federal income



tax, gas tax, tobacco tax

My shirt triggered a general discussion about whether Canadians will ever stand up and demand a rollback. Will there be an open tax revolt on top of the hidden economy through which people avoid tax by dealing in cash only?

One of my teammates happened to have a copy of a garage bill costing \$158.45. When he paid GST and PST combined, the bill was \$180.63. He saw red, but couldn't do anything about it.

I got my shirt from the Canadian Taxpayers Federation, which is attempting to get citizens to raise a public ruckus about the tax burden. Somehow we've all got to see red.

Doug Ross, Vernon, B.C.

[Editor's note: Since the federal budget is now balanced, the t-shirts are black.]

Support direct democracy

I fully support your Direct Democracy concept for Canadian voters. In addition, I support clearly defined recall legislation for both federal and provincial elected representatives. I am also of the opinion, that

we must establish by law, both federally and provincially, an annual financial reporting system similar to the one our governments have designed for Canadian corporations. As a suggestion, three of our major independent auditing firms should be appointed to draft a system independent of government input. The financial reporting system must include the assets plus debt of all Crown corporations.

J.R. Frumento, Duncan, B.C.

Controlling Godzilla

I have enjoyed copies of your paper brought to work by a fellow worker long enough -- time to step to the plate and add my support to your crusade.

The appalling ineptitude and deception that your organization has uncovered in our elected governments is far worse than I ever suspected. But your successes do give hope for a more rational, logical government in the future -- but probably not in my time.

I should be retiring in three weeks -- unfortunately that is quite impossible, so I will continue pouring half my pay packet into the government's bottomless pit for as long as I am physically able.

Thank God for the CTF ... you seem to be the only organization that stands a chance of controlling this lumbering Godzilla of a government, or holding it on a reasonable path, by judicious "jolts" in the right place.

Rod Hunt, Lloydminster, AB

The firing in mid-August of the chief watchdog of the Canada Pension Plan should concern every CPP contributor in Canada.

Bernard Dussault was the actuary who warned Ottawa in 1997 that there needed to be substantial increases in CPP premiums to keep the plan solvent.

In response, the federal and provincial finance ministers initiated a series of increases that will increase CPP premiums from the 1996 rate of 5.6% to 9.9% by 2003. At the same time, the finance ministers said that this removal of more money from your pockets would save the plan and guarantee a pension for every Canadian when they retired. They



also promised no further premium increases once the increases were implemented.

Dussault hesitatingly agreed to the increases. Provided that the inflation rate and economic growth stayed roughly the same, he felt that the plan could stay on an even keel. He warned, however, that any changes in these areas would require further hikes in CPP premiums or cuts in benefits. He added that regular studies would be necessary to make sure the plan remained solvent.

Dussault's firing occurred during just such a study. Reports suggest that Dussault was preparing to release information that the CPP was again in trouble and rather than suffer the embarrassment this would cause, Ottawa decided to shoot the messenger.

WASTES

Eating forbidden fruit

Nothing strikes fear in the heart of Canadians more than two words - tax audit. The fear of tax auditors pouring through your personal or corporate finances looking for every potential fraud, mistake or oversight. Now it seems that British Columbian tax auditors have eaten from the forbidden fruit.

An internal investigation of the tax audit department uncovered abuse in the expense accounts of BC tax auditors. This included outright fraud and violation of government expense account policy.

When auditing businesses, auditors are often required to visit out-of-town offices. On average, each trip costs BC taxpayers \$5,000 in expense allowances.

But because of lax rules concerning travel and expense claims, the auditors used some of this money for their own pleasure.

Taxpayers paid

for weekend get-a-ways at expensive resorts which also included paying for car rentals, gas and even laundry bills. Some auditors even brought along family and friends on these trips. Others claimed hotel expenses when they never left home.

Since the B.C. government didn't require actual receipts for taxi cab rentals, hand written receipts were submitted for cabs that didn't exist. In other instances, taxi charges were far in excess of what was actually used.

Auditors refused meals on airline flights and then bought meals at restaurants.

They "routinely" rented full size limousines when the rules only allow the use of medium or sub compact cars. It was also common for auditors to use the vehicles rented for business purposes for their own personal use.

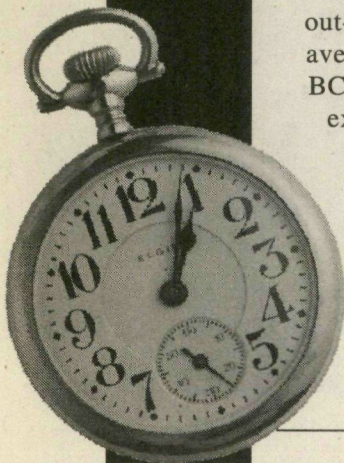
According to the investigation, over one third of the expense claims had

two or more irregularities.



This ain't the "Champs d'Elysees"

The National Capital Commission (NCC), which has the mandate to make Ottawa look beautiful, has come up with a grandiose plan to renovate the city. We are not talking about throwing a couple coats of paint on a few walls here and there. The NCC wants to renovate a 2 km stretch of Metcalfe Street that runs from Ottawa's main highway near the Museum of Nature north to the foot of Parliament Hill. It would look like the Champs d'Elysees of Paris or the Mall in Washington, D.C. Seventeen city blocks would be demolished to create this 90 metre majestic boulevard. The route proposed by the



WASTE

NCC is lined with businesses, churches, office buildings, private homes and historic properties. Much of it would have to be bought or expropriated and businesses destroyed or displaced. Nobody has a clear picture of what it would cost -- except to say we are looking at billions of dollars. All this so we can have an impressive photo for Ottawa post cards.

Over-Taxation

The *Fiscal Monitor*, published by the Finance Department, indicates that the federal government ran a \$1.6 billion surplus in July. This combined with the \$2.7 billion surplus in June, \$1.4 billion in May and the \$1.6 billion surplus from April means Ottawa has a \$7.4 billion surplus in the first four months of fiscal year 1998-99. Even if this peters out a bit, the feds still expect to have a \$10 billion surplus by next spring.

Hopefully taxpayers can see some of this money in the form of reduced taxes.

Big bonuses for poor performance?

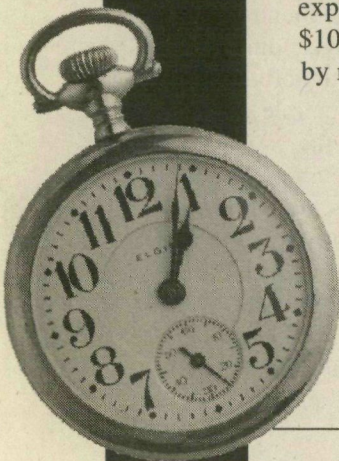
An Access to Information request by CTV News revealed that the federal government paid \$2.5 million in performance bonuses to 161 Cabinet appointees. Translation: the Liberal government used the money to reward its patronage appointments.

The bonuses work out to an average of \$15,000 each and were paid to people who already earn in excess of six figure salaries.

The bonuses are supposed to be paid out as a reward for good performance reviews. In 1996-97, the bonuses were paid out to all but four of the 161 employees, even though only 10 of them received an outstanding performance review.

Armed farces

This past summer, it was discovered that the Department of National Defence will fund a sex change operation for one of its soldiers. The cost for this procedure can be as high as \$40,000 and the Defence Department expects to pick up between 60% to 70% of the cost for the sex change. The Department had previously refused to fund such operations, but changed its mind when it found some of the provincial health plans paid for the procedures.



WASTE

\$33 million

Two civil servants at Foreign Affairs are suing the federal government for \$33 million. They are responsible for monitoring expense claims of foreign offices and embassies. In the process of simply doing their job, the two found an incredible amount of waste and abuse.

Instead of being rewarded for their diligence when they exposed wasted tax dollars, the two were repeatedly harassed and intimidated by those in upper management.

The two finally had taken enough flak for simply doing their job and are suing Ottawa for damages. If they win their suit, they want to use the money to help other federal employees come forward when they uncover waste and abuse. The CTF has long called for "whistle blowing" legislation to protect civil servants who expose waste in government.

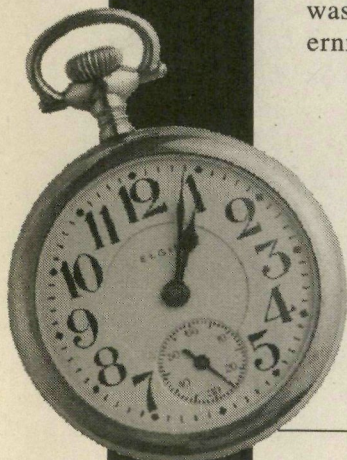
How to get to the hospital

This past year, the Regina Health District, which is running huge deficits and closing a hospital decided to spend \$20,000 on a video to show people how to get to Regina hospitals. Now in emergencies, instead of looking up the address on a map people can slap a video in their VHS machine, turn on the TV, and sit down and watch how to get there. In dire emergencies, they could even fast forward through the irrelevant parts to get there more quickly.

Defence defines efficiency

A three day conference in Winnipeg on the theme of increasing efficiency and accountability proved to be little more than a big party. According to reports, 304 military officials, retired and active, were flown in for the gathering.

Over \$1.25 million was spent to fly in the personnel. The tab for hotel rooms came to \$130,020 and the food and beverage bill was \$75,000. This last amount must have required extra efforts since hotels supplied breakfasts and beverages (including alcoholic drinks) and six of the meals were donated by private busi-



WASTE

ness. A further \$8,347 was paid out for tips to hotel staff, and car rentals cost \$48,000. Finally, the parade, honour guard and fly past is estimated to have cost taxpayers another \$75,000.

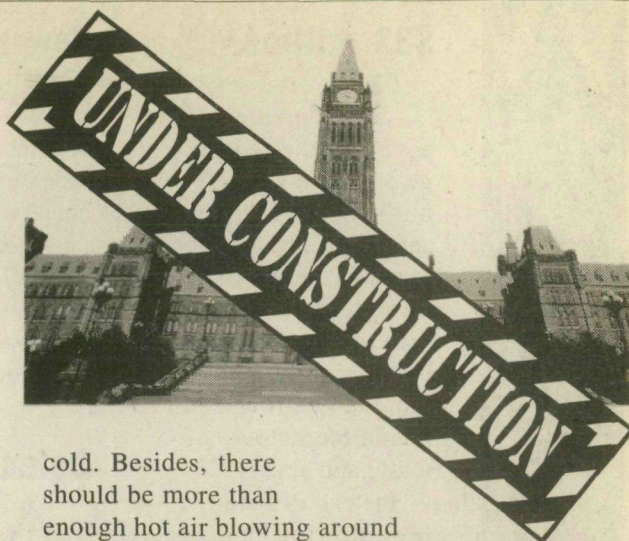
If this is what the Department of National Defence does to inaugurate an era of increased efficiency and accountability, brace yourselves for the next century!

Keeping MPs toasty warm

Parliament Hill is currently undergoing major renovations. Many of the upgrades were needed, but as is par for the course in Ottawa, the costs have ballooned from initial estimates of \$460 million to \$800 million. Pundits are suggesting it could be closer to \$1 billion.

Part of the renovations include a \$1.4 million, 128 metre underground tunnel so a "few" MPs and senators don't get cold in the winter.

Walter Robinson, the CTF's federal director donned his winter coat, boots and scarf in plus 33 degree weather to show our elected friends in Ottawa how to fight the



cold. Besides, there should be more than enough hot air blowing around Parliament Hill to keep half the city toasty warm.

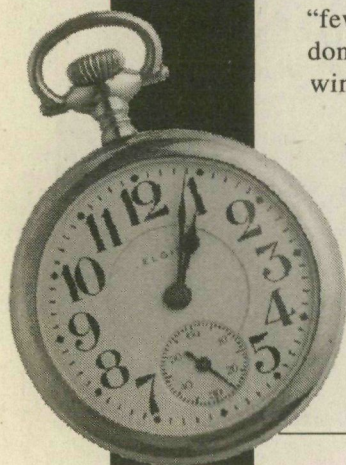
Also included in the upgrades is a \$40,000 Turkish steam bath in a private gym reserved for MPs on Parliament Hill. However, its location in the men's locker room has got the women all steamed up. They are demanding their own Turkish bath or at the very least access to the men's steam bath. The men's and women's locker rooms already have a sauna.

We want more money

This past spring, the Canadian Centre for Policy Alternatives and a number of social groups presented their alternative budget to the federal government. They want to see federal spending increased by a whopping \$13 billion. Each year, this group makes its yearly petition to Ottawa asking for more of your tax dollars.

The same thing happens on the provincial level. In Saskatchewan, for example, the Social Justice Coalition of Saskatchewan presented its annual budget to the province asking for substantial increases in spending such as a 30% increase in social services and 14% increase in education. The Saskatchewan group also wanted to see tax increases, in what is already one of the highest taxed provinces in the country.

It's an important reminder that just as the CTF fights for lower taxes and less waste - there are other groups fighting for just the opposite. That's why your letters, petitions and commitment are so important.



Break for the border

by Robert Pauliszyn

Thirty-five years ago, newspapers were filled with stories about Eastern Europeans risking life and limb to slip across the Iron Curtain. Today, those same newspapers are filled with stories about Canadians slipping across the border to the United States. According to the latest figures, over 660,000 Canadians now live and work in the United States with an additional 50,000 heading south each year.

Sure, there is a difference: whereas East German border guards once packed submachine guns, their Canadian counterparts are armed with calculators and tax forms.

Those calculators and tax forms, however, go a long way toward explaining the Canadian exodus. Thirty-five years ago, Canadian and American workers faced relatively equal tax burdens. Today, taxes consume 38 percent of our economy compared to 28 percent in the United States.

When you look at personal income taxes, the inequality is even more striking. Canadian families earning \$60,000 to \$100,000 face income tax bills up to four times higher than similar American families. That's a \$20,000 difference depending on what province you base the comparison.

It's not just that Canadians are losing ground to the U.S., taxpayers are also losing ground at home. Waning incomes coupled with higher taxes mean that the average Canadian family's after-tax income is smaller today, adjusted for inflation, than what it was back in 1980.

Over the years, frustrated taxpayers have waved placards, marched in protest, and railed at politicians who promise tax cuts but never deliver.

Case in point: federal Finance Minister Paul Martin recently met with the *Calgary Herald's* editorial board: "I believe that we have got to get...personal income taxes down in this country. That is a major priority..."

It did not take long, however, for the Finance Minister to start qualifying this "priority": "And, absolutely, we've got to get taxes down

but... if you don't have the best educational system in the world, you are going to fail."

Well Mr. Martin, there is nothing wrong with our education system – at least U.S. companies don't think so.

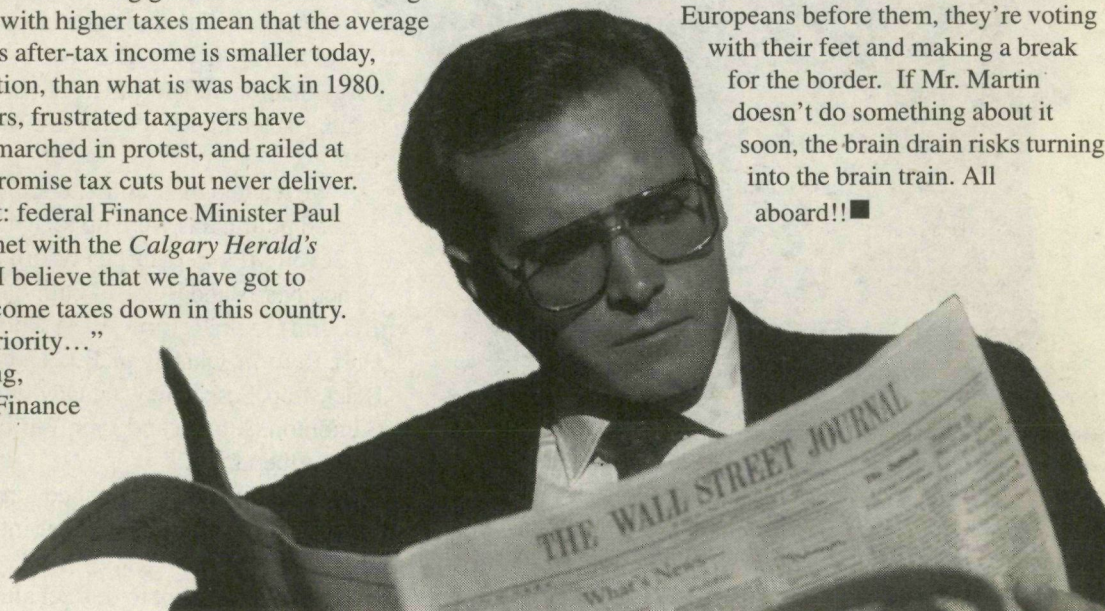
We are producing thousands of highly skilled graduates: engineers, nurses, computer scientists, doctors and professors. The problem is that the best and brightest among them are leaving in record numbers. According to a report by Nesbitt Burns, fully one-quarter of all our doctoral students now leave Canada within two years of graduation.

It's called the brain drain and it is not about a lack of suitable jobs at home. Newspapers are filled with stories about Canadian high-tech companies who are finding it increasingly difficult to compete against American firms for highly trained workers.

It's not that American firms pay that much more. The simple fact is U.S. tax rates allow people to keep more of their earnings.

Unlike those caught behind the Iron Curtain, Canadians have always had the right to pick up placards. Our periodic protests, however, have not stopped our governments from slowly erecting walls to economic prosperity – tax increase by tax increase, regulation by regulation.

As we enter the twenty-first century, tax protesters are less and less likely to pick up a placard. Like the Eastern Europeans before them, they're voting with their feet and making a break for the border. If Mr. Martin doesn't do something about it soon, the brain drain risks turning into the brain train. All aboard!! ■



MP pensions

The changing of the guard

by Dean Smith

Ignoring the recommendations of an independent Commission, MPs gave themselves a hefty raise this past summer - all behind closed doors of course.

The package also included a provision that would allow the 48 sitting MPs who opted out of the gold-plated

Four Reform MPs rejoin pension plan

MPs pension plan three years earlier a one-time opportunity to come back in. MPs had until September 18 to make their decision.

The federal Liberals were clearly baiting Reform members, most of whom

had taken the high road and stayed out of the plan.

If all 48 MPs came back in, the total pension payout to age 75 would be approximately \$40 million.

The Canadian Taxpayers Federation (CTF) was not only concerned about how much this would cost, but the impact it would have on the political process. Many of the MPs who left the pension plan in 1995 were elected, in part, because they were opposed to the plan. This was particularly true of the Reform MPs.

So with the possibility of a flood of MPs jumping back into the pension feeding frenzy, the CTF surveyed the 48 MPs eligible to rejoin the plan to find out what their intentions were.

In July, 32 MPs (all Reform) stated they would not rejoin the plan, 13 MPs did not respond, including three Reformers, six Liberals and four Bloc. Three MPs (all Reform) said they had not made up their mind.

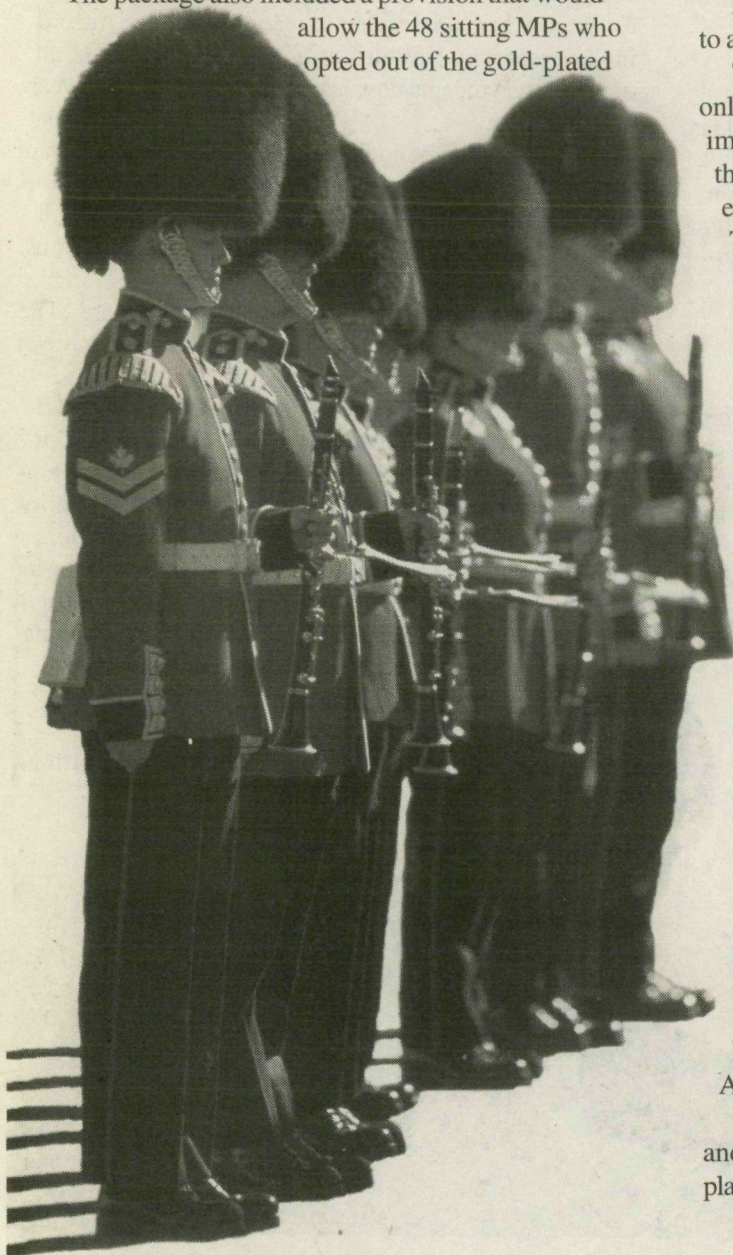
"If every one of those 16 MPs decided to opt back in," said CTF Federal Director Walter Robinson, "it would cost taxpayers \$16.8 million for their pensions. Because of this, our organization initiated an aggressive radio campaign against selected MPs to try to convince them to stay out."

"We wanted their constituents to see what their elected politicians were up to," he added.

Seven MPs were targeted: Jim Duncan, Reform, Vancouver Island BC; Bill Gilmour, Reform, Nanaimo BC; Jim Gouk, Reform, West Kootenay, B.C.; Jim Hart, Reform, Okanagan, B.C.; Allan Kerpan, Reform, Blackstrap, Saskatchewan; David Kilgour, Liberal, Edmonton, Alberta and John Williams, Reform, St. Albert, Alberta.

The campaign quickly flushed out two MPs. Jim Hart and Bill Gilmour announced their intention to rejoin the plan.

In a pathetic attempt to deflect attention and shoot the



messenger, Jim Hart referred to the CTF as a bunch of "brown shirts" -- a reference to the SA who were Hitler's personal bodyguards and involved in persecuting Jews.

The CTF's National Communications Director, Troy Lanigan, wrote a letter to Jim Hart demanding a full public retraction stating, "Your characterization is vicious, uncalled for, and potentially actionable."

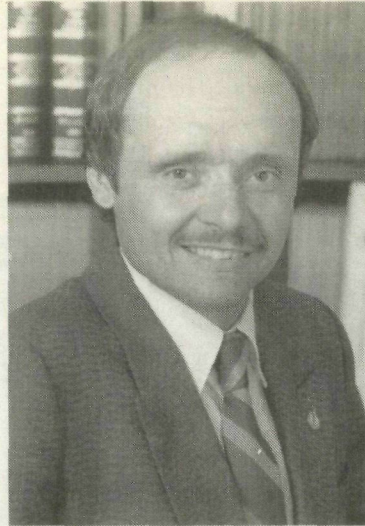
This was a dramatic turn around for Hart. Three years ago, he took a hard line against the MP pension plan and the Liberal government that supported it. "It is lining its own pockets. It is looking after its own self-interest. It is not representing the people of Canada," he told the *Edmonton Journal* in June 1995.

Jim Gilmour, in a letter to his constituents, tried a different tack

to defend his jump into the trough. He said he was initially opposed to the extravagance of the MP pension plan, but that the Liberal government had so reformed the plan that he felt with good conscience he could rejoin.

"It's a classic case of rewriting history," said Walter Robinson. "Gilmour's got it all wrong. The plan was way too rich so it was changed by the passage of Bill C-85 in 1995. After these changes were brought in, the 61 MPs opted out because the changes *didn't go far enough*. That's how it really happened."

Robinson reminded Gilmour of his own words in 1995. "This plan is hardly any better or different from



Liberal MP Don Boudria accused the CTF of using the MP pension issue as a fund raising scheme.

Boudria's pension is \$1.5 million.

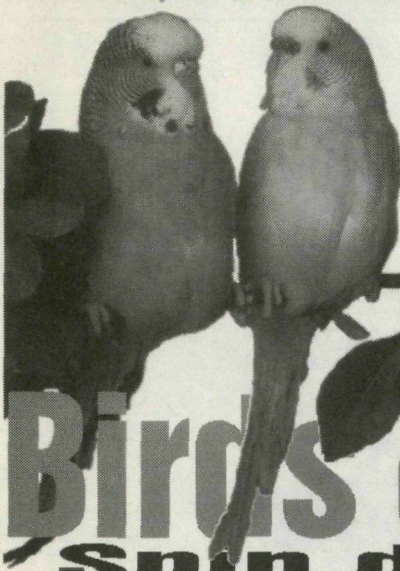
Write Don:

**The Hon. Don Boudria
Room 119-S,
Centre Block
House of Commons
Ottawa, ON,
K1A 0A6**

the old plan... Members with any conscience will think twice before gorging into this tax trough and opt out."

While two other Reform MPs (Duncan and Gouk) opted back in, it appears the vast majority -- in no small part because of the CTF -- remained out. ■

MP pensions



Birds of a feather Spin doctor together

by Walter Robinson

When it comes to political spindoctoring, the best defence is a good offence. Two MPs followed this rule to the letter. Government House Leader Don Boudria and Re-

form MP Jim Hart lashed out at the CTF for pressuring 48 sitting MPs who opted out of the gold-plated pension plan in 1995 to stay out.

On three separate occasions, Mr. Boudria charged the CTF makes up issues as fundraising scams.

Try again Mr. Boudria! The only "scam" around Par-

The MPs pension plan: Who returned, who stayed out				
	Stayed out	Came back in	Don't know	Total
Liberals	2		4	6
Reform	34	4		38
Bloc	1		3	4
Total	37	4	7	48

liament Hill is the MP pension plan. As for our other flagship issues such as high taxes, staggering debt, a bloated bureaucracy and unfunded liabilities in our pension and health care system ... we didn't make them up; they are sad facts of Canadian life. As much as the government tries, ignoring them won't make them disappear.

Canadians provide the CTF with free will contributions as compared to coercion used by the government to get your money. On the question of fundraising, in Boudrialand, it is okay for a political party to raise money but not an advocacy group. Talk about a warped view of reality!

But taxpayers should also consider the source when assessing Mr. Boudria's comments. This is the same Don Boudria who cynically announced the formation of the Blais Commission to study the issue of MP compensation just before the August long-weekend in 1997 (surely hoping that the press gallery and Canadians wouldn't notice).

This is the same Don Boudria who quarterbacked (along with all the other House leaders) the no-debate, no-vote, backroom pay raise deal just before MPs jetted off for the summer recess.

Finally, this is the same Don Boudria who stands to collect \$1.5 million in pension benefits. We still have an MP pension plan that costs taxpayers almost four dollars for each dollar an MP contributes. The government blew almost \$250,000 by setting up the Blais Commission and then ignored the report. They might as well have thrown it off the Peace Tower.

What's that about a "scam" Mr. Boudria? ■

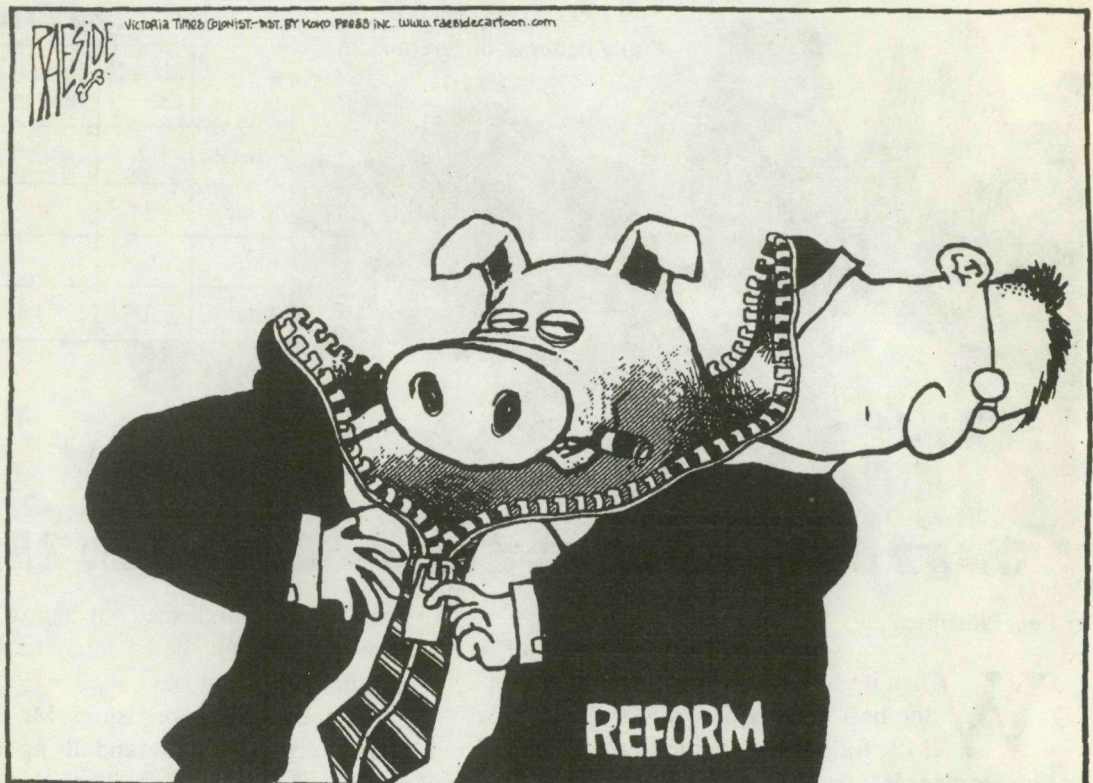
The changes to the MPs pension plan 1993, 1995 & 1998

	MP Pension Plan -- 1993	MP Pension Plan -- 1995	MP Pension Plan -- 1998
Basic salary	\$64,400	\$64,400	\$65,688 (to increase at 2% a year)
Rate at which pension increases annually	5%	4%	4%
MPs contribution rate	11%	9%	9%
How long MPs must serve to be eligible for pension	After 6 years	After 6 years	After 6 years
Inflation protected	Yes	Yes	Yes
Eligibility	Upon defeat	55 years of age	55 years of age
Maximum % of salary	75%	75%	75%
Minimum % of salary	30%	24%	24%
Participation	Mandatory	One time opportunity to opt-out	Mandatory with retroactive opt-in provision for 1995 opt-outs
Other severance	6 months salary upon defeat	6 months salary upon defeat	6 months salary upon defeat plus one month for each year up to 12 months for non-MP pension plan members

Pension Facts:

1. For every dollar an MP contributes to their pension plan, taxpayers contribute \$3.61. This works out to nearly \$16 million a year. As pension payouts increase over the next few years, taxpayers contribution will also increase.
2. The MP pension plan is the most generous pension in Canada. In contrast only 4 out of 10 Canadians in the private sector have a pension plan.

Source: Reform Party & Bill C-47



Foreword
by Rafe Mair

OUR HOME OR NATIVE LAND?

What governments' aboriginal policy
is doing to Canada

MELVIN H. SMITH, Q.C.

Learn the implications to Canadian taxpayers of prairie treaty land entitlements, treaty settlements in the Northwest Territories and Yukon, the folly of Nunavut, government concessions on native programs, and other insights from one of Canada's leading experts on constitutional law and native land claims.

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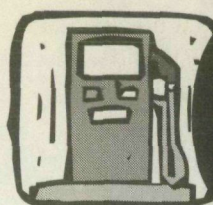
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GOUGING AT THE PUMPS

by Victor Vrsnik

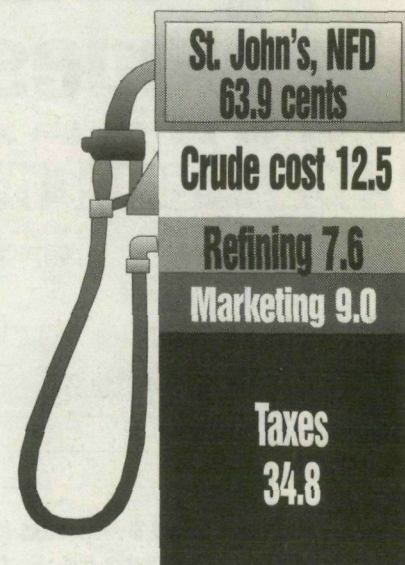
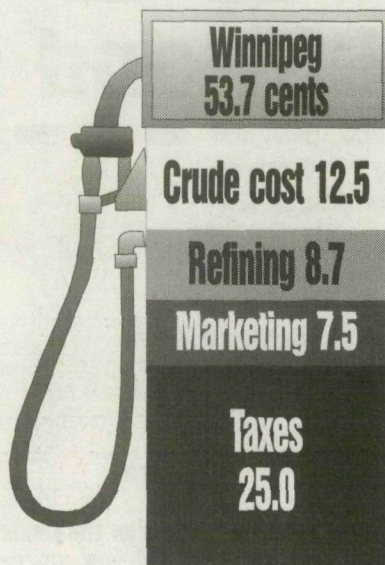
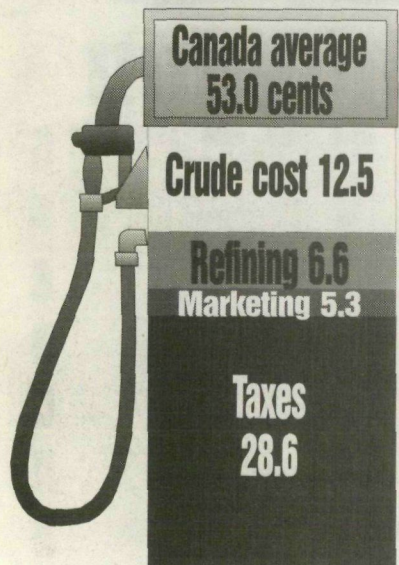
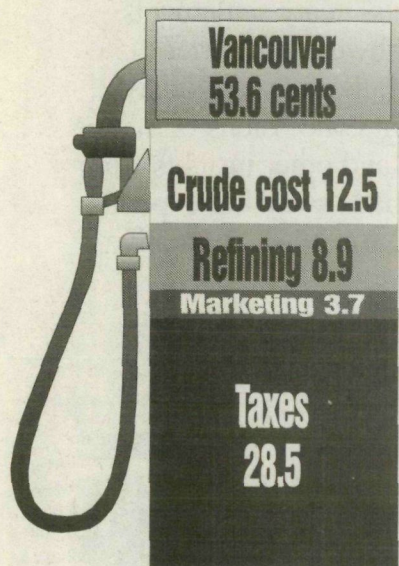
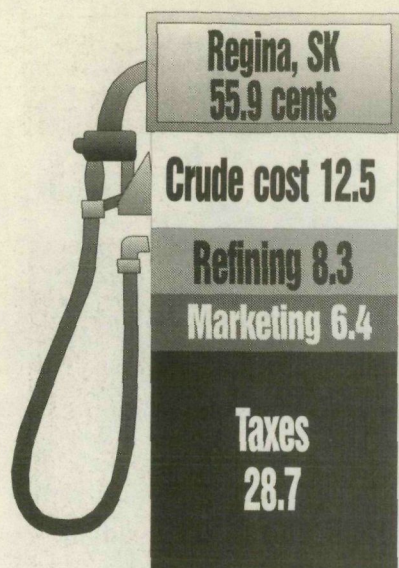
A report this summer by a group of Liberal MPs investigating the gasoline industry failed to demonstrate any illegal gas price fixing among Canadian oil companies. After meeting with over 1,000 people over the past year, the 'price-collusion' bloodhounds turned over every stone except one. They disregarded the scent that led to price fixing and consumer gouging in their own backyard.

In July 1998, the average retail cost of a litre of regular gas in Canada was 53.0 cents. Of that price, more than half - 28.6 cents per litre - went directly into federal and provincial coffers in the form of taxes. The remaining 24.4 cents covered the cost of delivering the fuel from the ground to your tank: refinery costs 6.6 cents; marketing and retail margin 5.3 cents; and crude costs 12.5 cents on the litre.

Ottawa and the Provinces divide the spoils of gas tax haphazardly. Provincial taxes vary from 16.5 cents per litre in Newfoundland to nine cents in Alberta. Ottawa siphons off another 10 cents per litre plus GST.

Motorists in Newfoundland, New Brunswick and Nova Scotia paid the price when they replaced the GST and PST with the 15% blended sales tax. Now they are paying an extra 8% more at the pumps than the rest of the country for having harmonized their provincial sales tax with the GST. That's reason enough to stay clear of Ottawa's ambitions to centralize tax collection.

The federal and provincial gas taxes do not even include all the indirect taxes the oil companies and service providers pay, such as business tax, property tax, corporate income tax, payroll taxes, GST, sales tax, and the list goes on.



THE TAXPAYER

A study of the evolution of gas prices in Canada by StatsCan economists Marc Prud'homme and Klaus Kostenbauer showed that the price of gas (less taxes) adjusted for inflation actually fell by 26% between 1957 and 1995.

In contrast, in 1957 taxes averaged slightly less than 29% or 2.8 cents for every 9.5 cents paid on a litre. Fast forward four decades and a litre now costs 53 cents, of which 28.4 cents – or 54% – finds its way into federal and provincial treasuries. That's an 86% increase in gas taxes since 1957.

But even these numbers understate the level of taxes we pay on gasoline. If the retail price on gasoline before taxes is 24.4 cents and government is taking an additional 28.6 cents, the tax rate is an astounding 117%! Suddenly, the GST seems modest in comparison.

The reason governments get away with it are two-fold. First, gas taxes are hidden taxes; out of sight, out of mind. Motorists mut-

ter expletives about oil companies because governments hide the truth about their own sordid practice of consumer gouging.

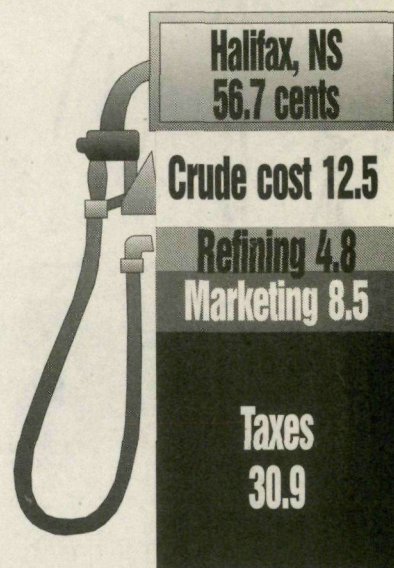
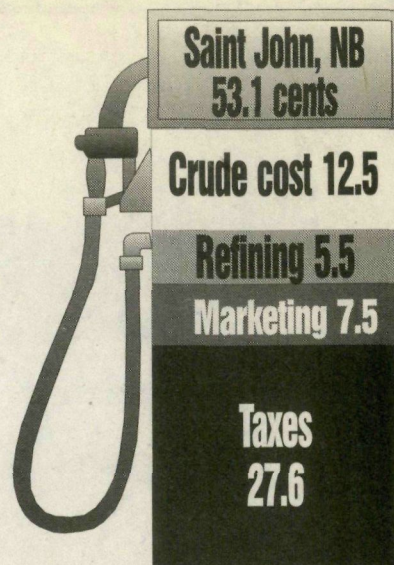
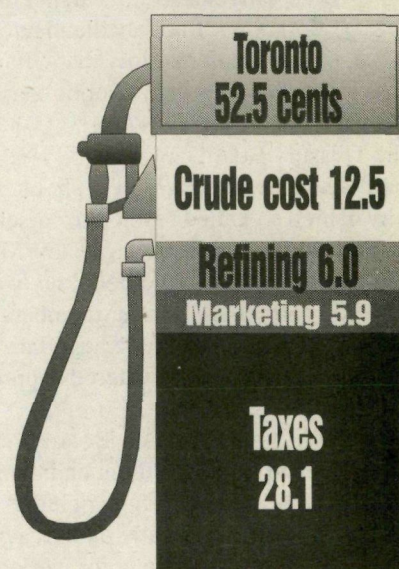
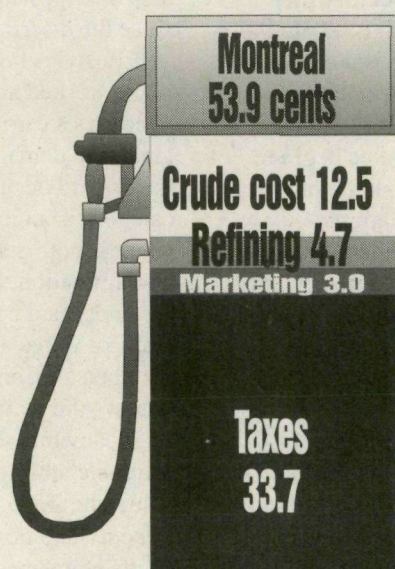
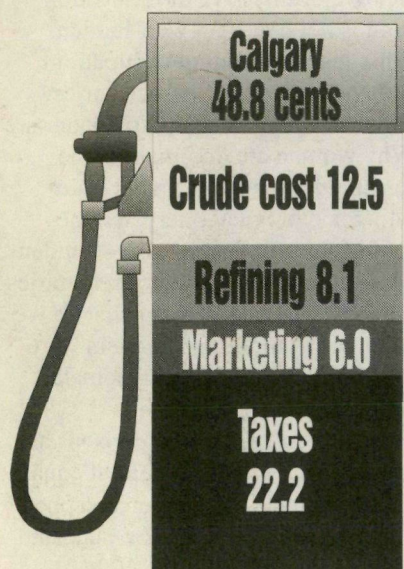
Second, is the myth that gas taxes maintain our highway infrastructure. Of the estimated \$5 billion in fuel taxes collected by Ottawa, a mere 5% finds its way back to our roads. The provinces, meanwhile, spend over 60% of their share on roads.

Many Canadians share the belief that gas taxes are a road user fee that should be spent on improving our highways network. As a user fee, gas taxes should not be used as general operating revenue. Ottawa and the provinces should reduce gas taxes to levels commensurate with road development only.

Even the Federal Committee Report on Gasoline Pricing this year recommended that provincial governments dedicate gas taxes and vehicle fees for road repair and transportation infrastructure.

So the next time you lament the miserable road conditions or curse the high price of gas, remember who is gouging you first and foremost. It isn't those nasty oil companies, it's your friends in Ottawa and the provincial capitals. ■

Prices in graphs on pages 14 & 15 are for a litre of unleaded gasoline in selected cities on July 28, 1998. Source: MJ Ervin & Associates



Staving off the



Pay Equity

MUGGING

by Mark Milke

As anyone within earshot of a federal office knows, the Canadian Human Rights Tribunal ruled in late July that Ottawa must compensate its largest union - the Public Service Alliance of Canada - for 14 years of "missing" pay equity. Before the Treasury Board caves in and civil servants begin to party, the federal government should rethink the philosophy behind so-called "systemic" discrimination.

In July 1997, federal negotiator Mary Eberts said if the Treasury Board's methodology was accepted, PSAC's 200,000 current and former members would receive \$60 million. But using a unique negotiating strategy, the Treasury Board instead offered "approximately \$800 million."

Later in 1997, Treasury Board President Marcel Masse upped it to \$1 billion, and then to \$1.3 billion. Of course, none of those offers included the \$1.1 billion in salary adjustments already paid as a part of Ottawa's attempt to meet "equal pay for work of equal value" - a

social engineering concept distinct from equal pay for the same job.

PSAC never settled, so the Tribunal picked a methodology that would determine the final bill. If the Tribunal's decision stands, taxpayers could be liable for \$2 billion or possibly \$5.4 billion, according to one earlier independent estimate of PSAC's demands.

Marcel Masse is right to appeal the Tribunal's decision to the courts where taxpayers have an outside chance of avoiding a mugging.

In March, Federal Court Justice Francis Muldoon threw out a related pay equity case, arguing Bell Canada workers could hardly sign contracts negotiated by their union and then later complain of systematic discrimination against women. He also endorsed a method for settling pay equity disputes based on job-to-job measurements. If applied to Ottawa's PSAC dispute, Treasury Board secretary Peter Harder has suggested PSAC's claim would be worth \$100 million.

Regardless, pay equity battles will continue. Already in the Tribunal's pipeline are cases against Canada Post, the Northwest Territories, Air Canada and Canadian Airlines International.

These battles all flow from the federal government's introduction of the "equal pay for work of equal value" concept into Canadian law in 1978. The poorly worded legislation offers the Human Rights Tribunal wide latitude in deciding how the concept will be implemented and calculated.

Pay equity advocates assert female-dominated occupations are lower-paying because they are female-dominated. Conveniently, it is almost impossible to prove or disprove the allegation since the discrimination is not overt but well-hidden.

Lifestyle choices that lead to different occupations, hours worked and supply and demand affect salaries. Secretaries earn less than plumbers because the latter are greater in demand. Why women are dominant in the lower-paid occupation and not the latter higher-paid category is an interesting sociological query, but the result is not itself proof of the supposed cause -- hidden discrimination. Besides, if most public-sector secretaries are underpaid because they are female, then what do we make of Canada's pathetically underpaid soldiers? Are members of Canada's Armed Forces - largely a male ghetto - the victims of gender discrimination?

Meanwhile, where apples-to-apples comparisons are available, unlike the highly subjective concept of equal value, the wage gap between men and women disappears. Recent Statistics Canada data show university-educated single women earned an average \$40,787 in 1996,

THE TAXPAYER

compared with degreed single men who garnered \$40,182.

Paying men and women different salaries for the exact same job has long been illegal, as it should be. And while the buzzwords connected with pay equity - "discrimination" and "fairness" - appeal to Canadians' generous side, Ottawa should stop trying to socially engineer

salaries and instead change the law to require job-to-job comparisons only, not nebulous equal-value comparisons. In the end, the market place -- along with what taxpayers can afford -- should determine public-sector salaries, not human rights tribunals. ■

This article originally appeared in the Financial Post.

More

Business subsidy snippets

Since the Canadian Taxpayers Federation released its two major studies on Corporate Welfare this past spring, a number of interesting and seemingly related incidents have taken place. These stories reinforce why governments must get out of the business of subsidizing business.

Testy, testy!

The heat this summer caused tempers to flare. Our friends at Bombardier fired off a 15-page information package to all MPs defending their government contracts and assistance packages in response to some of our research.

Bombardier goes to great pains to show that the couple hundred million dollars in direct government assistance they received pales in comparison to their \$8.5 billion in annual revenues. Precisely our point! In one day of corporate reorganization, Bombardier could probably find this money under a few chairs instead of bellying up to the government trough.

Coincidence?

Just 12 days after the release of Corporate Welfare I on April 16, Canadian Airlines (CA) announced it would be paying back the \$50 million loan guaranteed by the Alberta government. In 1992, when CA was undergoing severe financial difficulties the Alberta government stepped in and guaranteed a loan to help the company restructure. The loan was paid off three years ahead of schedule.

Big profits

A recent report in the *Globe and Mail* indicates that many of the companies in Canada's aerospace industry are expected to have sales totalling \$15 billion compared to just \$13.4 billion in 1997. A number of specific companies were highlighted as having particularly good years. These included Bombardier Inc., Spar Aerospace Ltd. and Magellan Aerospace Corp. This is good news for taxpayers because aerospace industries in Canada owe taxpayers hundreds of millions of dollars. Hopefully, they will use some of those profits to pay off their debts...but don't hold your breath.

Phone calls from the Brazilian, Italian and Spanish embassies.



Interesting phone calls

Not widely reported in the media is this interesting little fact: days after the release of our Corporate Welfare reports, the CTF received some interesting calls requesting copies of the report. These included the Brazilian, Italian and Spanish embassies. Why all the interest you

ask? Well, like the rest of us, they were interested in finding out how heavily Canadian businesses are subsidized. With the world opening up to international trade, businesses are becoming very concerned that their foreign competitors are getting an unfair advantage because of government subsidies.

Oh, oh

Air Atlantic, which was number 22 on our list of corporate welfare recipients, is closing its doors. The company received subsidies amounting to \$86.7 million. The company, owned by Halifax-based IMP Aerospace, served as the regional airline for Canadian Airlines. This relationship was severed this past August and IMP announced that the company will close down in October. No mention if the company will repay any of the monies borrowed from taxpayers.

Can't find cash to pay back loan

CAE Inc., another major Canadian aerospace company, recently announced that it will purchase Newnes Machining Ltd of Salmon Arm B.C. and McGhee Equipment Co. of Ukiah, California. The sale price is a cool \$100 million. The company will purchase the companies with cash on hand and new share issues. Though the company was able to scrape together the money to buy new businesses it has found it more difficult to pay off its \$37 million loan to taxpayers. To date, the company has only managed to pay back \$1.2 million and the company expects it will take another 10 to 15 years to

pay off the remainder.

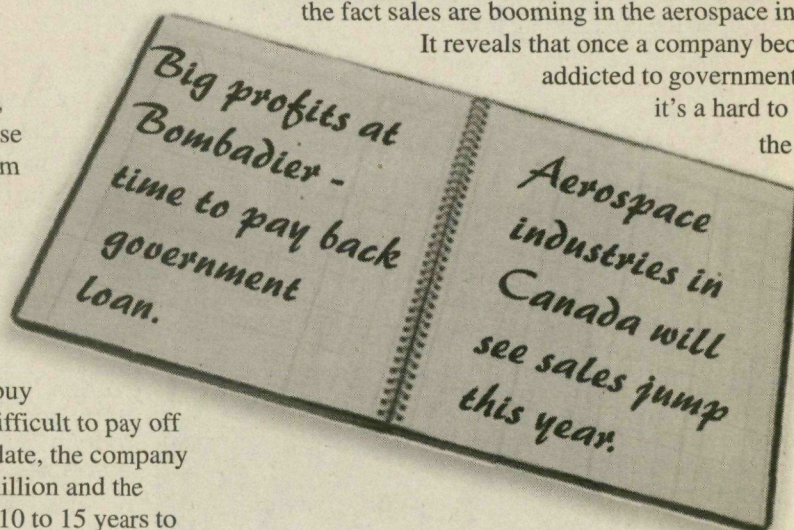
The kettle calls the pot black

The Brazilian aerospace company Embraer is one of the major competitors of Canadian aerospace giant Bombardier, particularly in the regional jet market. Over the years, Bombardier has been concerned about the interest rate subsidies the Brazilian corporation receives from its government. Concerned that this subsidy gives Embraer an unfair advantage, Bombardier and the Canadian government threatened to take their complaint to the World Trade Organization. This resulted in an informal agreement that Brazil would stop providing low interest financing. However, recent revelations that the subsidies continue have incensed Bombardier. In response to Bombardier's complaint, Mauricio Botelho, the president of Embraer said, "I'm not sure that Canadian society is aware of the kind of support the company [Bombardier] gets."

Hard habit to break

Proving that business subsidies are little more than expensive welfare, Pratt & Whitney, which received nearly a billion dollars in government subsidies over the past 16 years, announced it would be laying off 10% of its staff (approximately 900 people) because taxpayers hadn't coughed up more money. This is despite the fact sales are booming in the aerospace industry.

It reveals that once a company becomes addicted to government money, it's a hard to break the habit. ■



~~Cut~~ taxes now!

CUT TAXES NOW!!

by Walter Robinson

With an expected federal surplus of between \$5 billion and \$10 billion, the Canadian Taxpayers Federation will be leading the charge for a tax cut in the 1999 federal budget.

Canadians deserve real tax relief. And this fall the CTF will launch a campaign aimed at making that goal a reality.

The 1997 federal budget was balanced on the backs of taxpayers and any so-called surplus is really a measure of over-taxation. The token tax cuts in the 1998 budget were quickly eroded by the effects of CPP premium increases and bracket creep.

The CTF's campaign will call for across-the-board income tax cuts and an end to the stealth tax known as "bracket creep." Only by giving all Canadians a significant tax cut can Ottawa hope to replicate the economic growth that has been experienced in Alberta and Ontario, the two provinces that led the way in providing tax relief.

As for bracket creep, a large national consensus from all sides of the political spectrum

Tax cuts needed NOW to rescue the dollar

The federal government's inaction in the face of the plummeting dollar is appalling, writes Walter Robinson, federal director of the Canadian Taxpayers Federation

WALTER ROBINSON
For the Canadian Taxpayers Federation

Federal inaction during the continuing saga of our plummeting dollar is a very sad spectacle. The prime minister's almost flippant dismissal of the crisis of confidence in our dollar reminds me of his don't worry be happy attitude just before the 1992 Quebec referendum.

But Canadians shouldn't be deceived, according to the PM's biographer, Lawrence Martin, who recently wrote of Chretien's



growth and provide only a short-term solution to a more fundamental problem.

The pundits and economists state that the United States economy is so strong and that investors see it as a safe haven in times of uncertainty. But for Canada, the problem is more acute.

Even in great boom periods, the U.S. is still the preferred investment location for some very simple and obvious reasons: it has a lower personal and corporate tax regime; wealth creation and accumulation are not discouraged and a culture of political leadership still fosters individual initiative.

By comparison, Canada's personal and corporate tax regime is one of the most punitive and regressive in the industrialized world. Wealth creation is discouraged and capital

10 Reasons for a tax cut

1. We've had heavy tax increases

Between 1965 and 1995, federal government revenues increased 1,569%, direct taxes on persons increased by 2,501% and indirect taxes by 975%. Direct taxes include such things as income and sales taxes, which are paid directly by the individual. Indirect taxes come in the form of royalties and duties, which consumers pay indirectly through higher prices. During this same period of time, taxes on businesses increased by 649% -- 70% of business taxes are paid whether a profit is earned or not.

2. High taxes foster underground economy

Today, Canada's underground economy is estimated to be around 15% and growing. It has nearly tripled in size since the 1960s. Canadians traditionally accepted taxes as necessary for good government. But this changed in the 1970s as people witnessed a rapid growth in government spending. Many began to question if they were getting good value for their taxes. One of the by-products of this was a rapid increase in tax evasion. The government's response is to try to catch the cheats. A better approach is to lower taxes so people won't resent complying. In 1987, when the Puerto Rico government cut its high-end marginal tax rate from 67.6% of income to 41%, total tax revenues increased by 28%. Puerto Ricans declared 50% more income than they had in 1986 and the number of registered taxpayers went up by 30%.

3. Politicians promised tax cuts

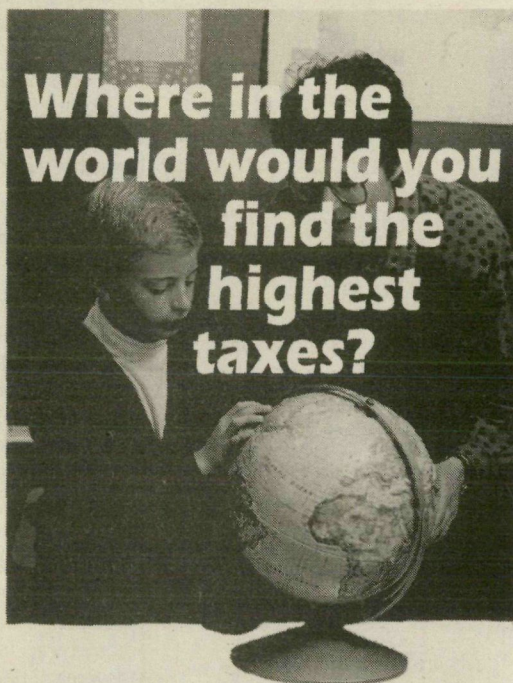
Nothing makes Canadians more cynical than politicians' empty promises to lower taxes. First, there was the Liberal promise to eliminate the GST. Then, in March of '93, at a Chamber of Commerce meeting in Ste. Foy, Quebec, the Prime Minister stated: "Canadians have reached the saturation level with respect to taxation. No government can really expect to generate new revenues through new taxes." In February 1997, Federal Finance Minister Paul Martin told CTV's Question Period: "Obviously, I think (taxes) are (too high). And we would like to bring them down." Then later in his annual economic and fiscal update, Martin stated: "The tax burden in Canada must be reduced. It will be reduced. Canadians have a right to expect that." Despite the rhetoric, the modest tax reductions in Mr. Martin's last

Cut taxes now!

has formed on this issue. Since the mid-1980s and until last year, Ottawa froze our basic personal exemption and frozen the income level at which tax rates apply. In economic circles it's called "de-indexation." As a result, when we receive even a modest pay increase -- for cost of living -- a greater percentage of our income becomes taxable. Right now, for every point of inflation not indexed in our income tax system, Mr. Martin and company rake in an extra \$700 million without any political heat. It amounts to a tax hike without a vote.

The Liberal dominated House of Commons Finance Committee recommended re-indexation to help the 840,000 or so low-income Canadian families that have been pushed onto the tax rolls in the last decade. The OECD estimated that 18% of Canada's 14 million taxpayers were either pushed onto the tax rolls or into higher tax brackets because of bracket creep.

Watch for details of the CTF's campaign this November. With your support taxpayers will finally realize real tax relief after years of sacrifice. ■



Write Paul Martin

The Hon. Paul Martin, House of Commons, Ottawa On, K1A 0A6

The Canadian tax burden:

Is it any wonder we're demanding tax cuts!

Tax burden #1: According to the Organization of Economic Cooperation and Development (OECD), Canada's personal income tax burden is the highest in the G-7 (which represents the seven largest industrialized nations in the world). Personal income taxes are 13.9% of GDP compared to the OECD average of 8.9%.

Tax burden #2: Canada starts to tax its citizens at one of the lowest income levels in the world. The U.S., Germany, Belgium, Hong Kong, Sweden, France, Switzerland, Japan, Italy and Spain don't start applying

10 Reasons for a tax cut

budget were more than eroded by CPP premium increases and "bracket creep."

4. Canadians are fed up

According to a Southam/Angus Reid poll this past December, 82% of Canadians think taxes are too high. Moreover, the poll also reveals that increasingly Canadians are rejecting the class-warfare arguments about "tax the corporations" and "tax the rich." Most Canadians understand that governments define "rich" as anyone who has a job.

5. High taxes discourage productivity

Because of high taxes, people lose their incentive to work. Take the case of IMC Global, Saskatchewan's second largest potash mine. For the first time in its history, the company stopped production at its mine in Belle Plaine for one reason — taxes. IMC had reached the point that for every \$1 it invested to increase production, the government got 86% of the profits in taxes. The plant manager said, "We've got better places to put our money." The high-end taxes were eventually cut to 35%, though still high, it was enough to get IMC to invest nearly half a billion dollars in its mines.

6. Lower taxes = higher revenues

According to economist Dr. Gerald Scully of the University of Texas, the maximum tax level should be between 21% and 23% of GDP. At this level, the government will earn its highest tax revenues. Not because of high tax rates, but because of a dramatic increase in the number of taxpayers through a stronger economy. In contrast to Scully's rate, Canada's total tax revenue for all levels of government was 37.2% of GDP in 1995.

7. People flee high-tax jurisdictions

Tax evasion is illegal; tax avoidance isn't. When taxes become too high, people and businesses move out. In an Angus Reid survey of members in the Vancouver Board of Trade last year, 28% said they may move all or part of their business out of B.C. over the next two years. The reason was taxes -- 60% of B.C. businesses indicated that taxes were the biggest hindrance to doing

Cut taxes now!

their personal income tax until income is well above Canada's \$6,956.

Tax burden #3: According to the Fraser Institute, the tax bill for the average Canadian family increased by over 1,168% between 1961 and 1996. After inflation, this represents an increase of 124%.

Tax burden #4: Tax Freedom Day for 1998 was June 27. We still work half the year to pay our taxes to the three levels of government.

Tax burden #5: Canada Pension Plan (CPP) premiums will increase by 73% over the next five years. Two-thirds of Canadians believe the CPP will not be there for them when they retire.

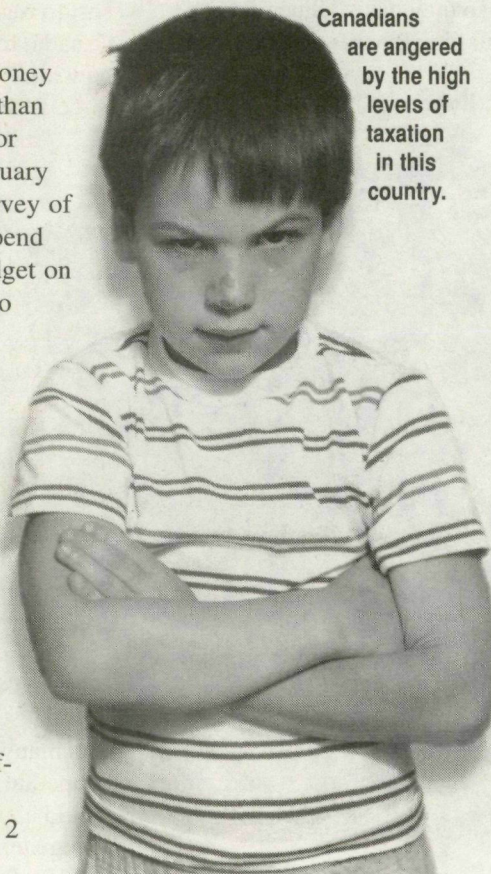
Tax burden #6: The highest top marginal tax rate in Canada (combined federal/provincial) of 54% kicks in at \$63,000. In the U.S., the highest taxed U.S. state has a combined federal/state tax of 47% which doesn't kick in until \$351,000.

Tax burden #7: The *Income Tax Act* is over 1,400 pages long with an extra 700 pages of technical interpretations. Income tax was introduced in 1917 as a temporary measure to help fund Canada's involvement in World War I. Our tax system is so complex that an April 1998 CTF survey revealed that 81% of our MPs employ tax experts to help prepare their returns -- twice the national average.

Tax burden #8: In 1997 the Canadian government collected \$11.2 billion dollars from 7.7 million Canadians who earned \$30,000 or less.

Tax burden #9: Canadian households spend more money on personal income taxes than on shelter, transportation or food. According to a February 1998 Statistics Canada survey of family expenditures, we spend 22% of our household budget on personal taxes compared to 17% for shelter, 12% for transportation, 12% for food and 5% for recreation.

Tax burden #10: The same StatsCan survey pointed out that the average amount spent on income taxes by Canadian families increased by 15% between 1992 and 1996. This increase outstrips the cumulative effects of inflation over the same period by a factor of 2 to 1. ■



Canadians
are angered
by the high
levels of
taxation
in this
country.

10 Reasons for a tax cut

business in that province. Along a similar line, Dr. Richard Vedder, an economist at the University of Ohio, studied high-tax states and low tax states. His study found that between 1980 and 1988, over one thousand persons a day moved into low-tax states while, in contrast, people were departing the high-tax ones.

8. Payback taxpayers

To his credit, Finance Minister Paul Martin turned the \$42 billion deficit he inherited from the Conservatives in 1993-94 to a balanced budget today. But he achieved this significant turnaround on the backs of taxpayers. Over the past five years, spending decreased by \$13 billion, but tax revenues increased by \$39 billion. Growth in tax revenues outpaced spending cuts by at least 2 to 1. Since Canadians took the biggest hit, taxpayers — not the bureaucracy — should get the surplus returned to them.

9. Prioritize spending

As long as governments get all the money they want they will never seriously evaluate their spending. This is where the real problem lies. Canadians give nearly half their income to government. Since 1980, government spending has increased from 38.8% of GDP to 44.7% of GDP meaning it grew faster than the our economy. Yet if you ask Canadians if they feel better off today than 15 years ago, the vast majority would say no. The problem is not revenues, it's spending. If Ottawa needs money for other programs, it should take it from unnecessary areas of spending such as business subsidies.

10. Tax cuts create jobs

With more money in their pockets, consumers spend more, which creates jobs. In a study, American economist Richard Vedder noticed that between 1979-89, the economic growth in the 10 states with the lowest tax increases was 20% higher than the 10 states with the highest tax increases. On the Canadian scene, a 1995 Bank of Canada study said that hikes in payroll taxes over the previous four years cost the economy 130,000 jobs. Tax cuts would hopefully reverse this trend and restore jobs to those unemployed because of tax increases.

Firearms registration Another government tax grab

by Professor Gary Mauser
Faculty of Business Administration
Simon Fraser University.

Many Canadians are afraid of guns and, if asked, say they support firearms registration. But few Canadians are willing to pay the estimated \$1.5 billion the universal firearm regulation will cost taxpayers.

Although Ottawa isn't ready to start yet, the registration program is already over budget. The Canadian Firearms Centre (CFC) told Sean Durkan of the *Ottawa Sun* that so far they've spent \$120 million getting ready to register rifles and shotguns. This is \$35 million more than the \$85 million that registration was supposed to cost in 1995. The true cost will certainly be higher.

The Canadian Firearms Centre [CFC] has also said that it plans to spend \$133.9 million in 1998. Moreover, these cost estimates do not include the expenditures of the RCMP, the Solicitor General, or Customs and Immigration, all of which must make substantial changes to their procedures when universal firearm registration is fully implemented in 2003. Nor does the \$120 million figure cover operational costs once the registry is up and running. In fact, the government recently admitted in Parliament that registration will cost around \$50 million each year to operate.

Ottawa knows taxpayers would be upset, so they have deliberately decided to hide the true costs of regis-

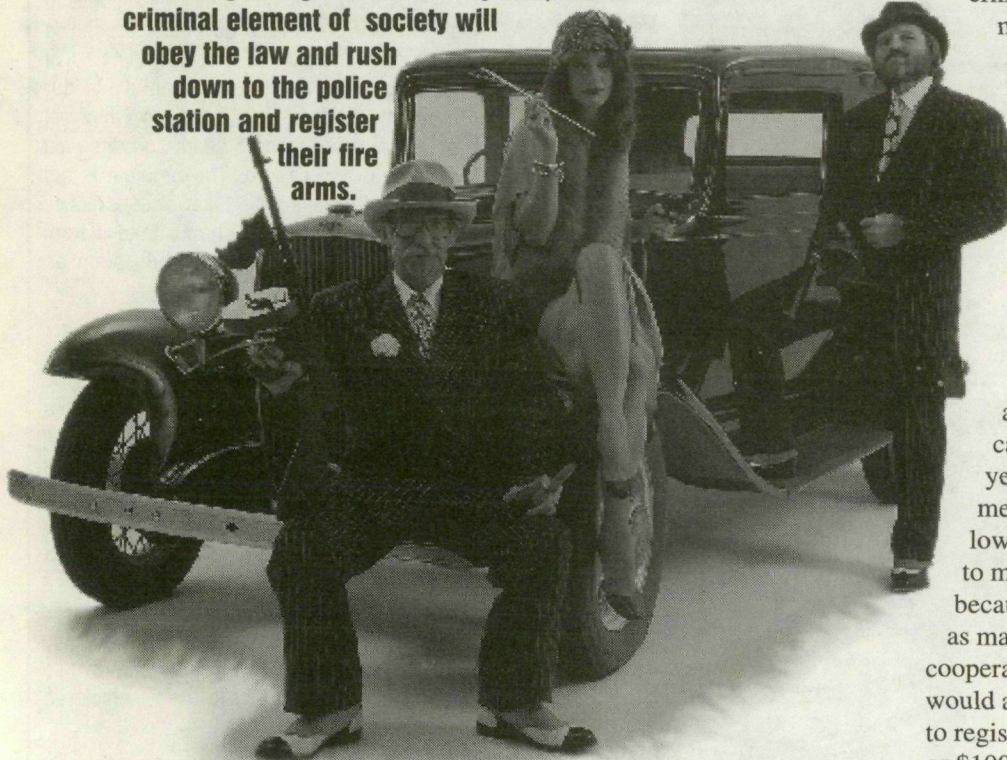
tration. Canadian Police Association president Neal Jessop said that the RCMP's aging computer system [the National Canadian Police Information Computer] is in desperate need of \$200 million worth of upgrade so they can use the new firearm licence and registry system.

In addition, the computers at the Canadian Firearms Centre will need to be able to communicate with the computers at the Department of Finance, since the CFC will be gathering revenues. All this will cost money.

Nobody knows how much it will cost to register all the guns in Canada. In fact, we don't even know how many guns there are. The government estimates there are 6 million guns, but experts claim there could be as much as 25 million.

In 1976, the Department of Justice estimated there were 10 million guns in Canada and that one-quarter million more being added every year. Based on this estimate, there should be at least 16 million guns in 1998. Guns are very durable; with proper care they last hundreds of years. Critics think the Department of Justice is deliberately low-balling the estimate in order to make their efforts look good, because at least 25% and probably as many as 50% of owners will not cooperate with the system. Why would a gun owner want to pay \$25 to register a firearm that he paid \$50 or \$100 for?

Once gun registration is in place, the criminal element of society will obey the law and rush down to the police station and register their fire arms.



In order to encourage reluctant gun owners to register their firearms, Ottawa must keep the charges artificially low. Of course, the taxpayer will be asked to pick up the difference.

And for what? It is difficult to see how registering hunters' firearms will keep Canada safe. Criminals won't register their guns, but most hunters and target shooters will. Rank-and-file police officers know that they can't trust such a registry to identify where the dangerous guns are.

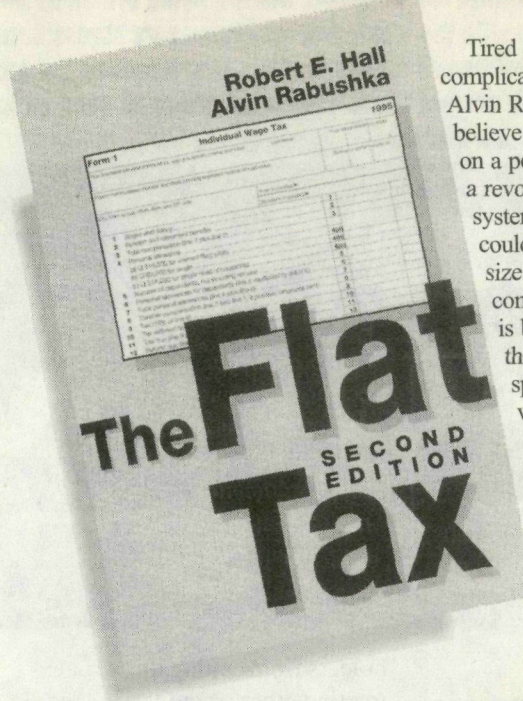
Handguns have been registered in Canada since 1934, and handguns remain the "weapon of choice" for criminals. If Ottawa really wanted to protect us, they would keep violent criminals in jail longer.

The RCMP estimates that under the current system it costs more than \$82 to register each handgun. Using this as a guide, in 1995 I estimated that the new registration system will cost Canadian taxpayers around \$1.5 billion. This is over and above what gun owners pay. With time, this estimate is appearing more and more conservative. Where will the government get the money for this exercise? Additional taxes? From another program — health care? The RCMP budget?

The costs keep mounting. How much will it cost Canadians to comply with these new laws? Hunting contributes over \$3.5 billion to the Canadian economy each year. How many Canadian hunters will drop out because of these new laws will discourage them? How many foreign hunters will not come to Canada because of the complex paperwork?

The bottom line: universal firearms registration is an expensive "make work" project for creating jobs in Ottawa. The politicians believe they can frighten Canadians into giving them a blank cheque to protect us from "guns." Unfortunately, all registration will do is to pump money from rural Canada to Ottawa. ■

A RADICAL IDEA



Tired of pages and pages of complicated tax forms? Professors Alvin Rabushka and Robert Hall believe a tax form could fit on a post card. They are proposing a revolutionary change to the tax system. Called the flat tax, it could reduce taxes, the size of government and compliance costs. The flat tax is being embraced by those on the left and right of the political spectrum. The only ones who don't like it are the bloated government bureaucracies who benefit by the status quo.

SALE PRICE

\$13.00

INCLUDES SHIPPING & TAXES

YES, I WANT my COPY:

Please send me: _____ copies of *The Flat Tax* at \$13.00 ea.....

Method of payment:

Name on card: _____

Visa/Master card#: _____

☐ Mastercard ☐ Visa ☐ Cheque

Exp. Date: _____

Name: _____

Address: _____

Town/city: _____

Prov: _____

Postal Code: _____

Please allow 3 - 4 weeks for delivery. Send your orders to: The Canadian Taxpayers Federation:

#105 - 436 Victoria Ave. East, Regina, Sask. S4N 0N7 Fax: 306-352-7203 or phone 1-800-667-7933

The Nisga'a treaty that was just negotiated in British Columbia sets a disturbing precedent for the large number of remaining claims yet to be negotiated in BC and across Canada. B.C.'s Aboriginal Affairs Minister admitted that the process would take a 100 years to complete and would bankrupt the province. The following article by Mel Smith reviews the serious concerns he has with the treaty and why taxpayers across Canada should be concerned. He underlines the vagueness that has overwhelmed the process. Governments in the rush to be "politically correct" have embraced concepts such as Aboriginal Title without a real definition of what this meant.

The Unholy Mess

By Mel Smith Q.C.

The existing treaty-making process in B.C. is not working. Even the provincial Aboriginal Affairs Minister acknowledges that the present process would take 100 years to complete and that it would bankrupt the province.

It's a failure for a number of reasons. No one knows its parameters or objectives. Government negotiators seem prepared to pay any price to get an agreement. Because governments are in a trust relationship with the native people, who represents the public interest? Moreover, the citizenry is becoming less supportive of the process. In a recent Marktrend poll, 78% of respondents felt that the B.C. government had not adequately sought their opinions and preferences on the subject. Fully 50% feared the province was being too generous. Only 21% thought the proposed settlements were about right.

Meanwhile court injunctions are stopping legitimate lease-or-license-

holders from cutting timber or extracting other resources on lands in question. In short, the lands and resource management of this province has been put into gridlock and private property interests put in jeopardy.

How did B.C. get into this sorry state and what can be done about it?

The cause is two-fold. First, flying in the face of the position of every B.C. government in history (including Dave Barrett's NDP government of the 1970s) the Harcourt government in 1992 foolishly conceded the concept of aboriginal title (without knowing what it meant) and enthusiastically placed provincial land, resources and dollars on the altar of land claim negotiations.

The fact that BC's entry into Confederation in 1871 placed "the charge of the Indians" exclusively on the shoulders of Ottawa alone was ignored in the clamor of the new government eager to be politically correct. Moreover, the Harcourt government didn't seem to realize that no provincial government had

taken part in the treaty process in Canada. (One exception is the two treaties in northern Quebec. In legislation passed in 1912, Quebec got the Ungava territory, but was required to be involved in any treaty-making.) In short, the Harcourt government was conned by overzealous federal and provincial bureaucrats and higher purpose politicians. The Clark government has followed in its footsteps.

The second cause for this sorry state can be laid squarely at the door of the Supreme Court of Canada. In its Delgamunkw decision of December 11, 1997, the court drastically undermined the Crown ownership of 94% of the land mass of British Columbia with its bizarre and confusing definition of aboriginal title. It also put almost insurmountable hurdles in the way of provincial land management and resource decisions: put private ownership of property in B.C. into question; and now allows the hearsay evidence of the latest aboriginal spokesperson to outline the most recent "aboriginal perspec-

Indians & treaties

tive" of history; and failed to confirm that the Parliament of Canada and the provincial legislatures are the only lawmakers in this country.

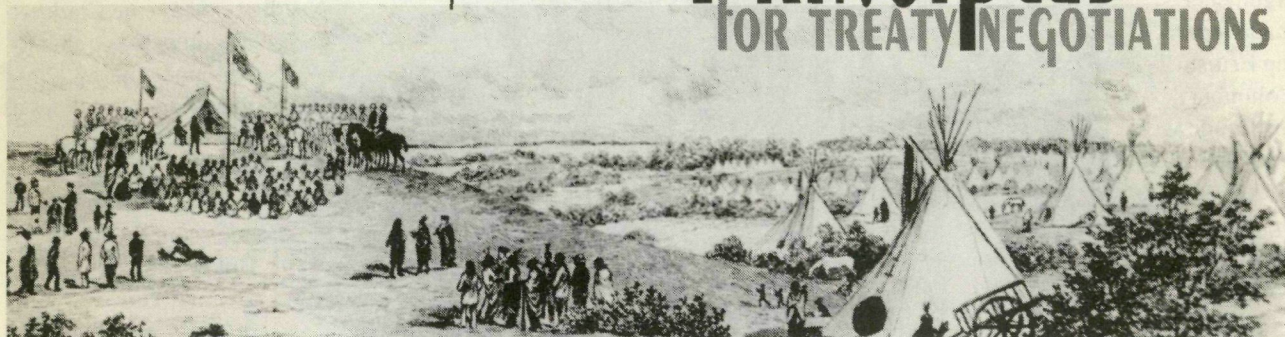
Abandoning long-established legal and constitutional principles, the Court embraced the *Report of the Royal Commission on Aboriginal Peoples* which is the product of individuals of a certain ideological bent who endlessly develop fanciful propositions on this subject, largely for the benefit of their own kind.

virtually the whole of the province.

No meaningful negotiations toward land claim settlements can possibly take place in the face of these exorbitant demands. There is a line beyond which even the most sympathetic governments toward the

native cause cannot in all conscience cross, having regard to the interests of the 97 % of their constituents who are non-native. ■

The articles on pages 24 & 25, reprinted with permission of B.C. Business Magazine



Until now, no one seriously imagined the highest court of the land would accept such notions and make them the basis of law.

As a consequence, the native leadership has become exceedingly strident. A five-page list of impossible demands delivered to the two senior governments in late January was properly summarized by *The Vancouver Sun* headline of the day: "B.C. Indian chiefs lay claim to entire province, resources." Included in these demands is the adamant refusal to agree in land claim agreements to extinguish undefined aboriginal rights (meaning the treaties could be reopened at any time); a demand that no new land tenures be issued by the province without native consent (hundreds are normally issued every year); an accounting for all past rents over lands claimed to be covered by aboriginal title; and an intent by "First Nations" to "assert complete authority, jurisdiction and decision-making in our territory and over our resources." In other words,

by Mel Smith

As a prerequisite to getting land claim negotiations moving again and an effort to dig itself out of this unholy mess, the following principles should be considered:

1. Ottawa should pay for any provincial Crown land that is necessary for land settlements based on the terms of B.C.'s entry into Confederation.
2. Develop principles that will govern future land claim negotiations, including fairness to all; adherence to democratic principles; establishing the global cost of claims; and putting these principles to a province-wide referendum.
3. Limit the scope of land claims to deal only with compensating for the loss of aboriginal title in cases where a reasonable measure of proof of the existence of such title can be clearly shown.
4. Make sure that all treaties have a finality clause and can't be reopened.
5. Make it clear that private property interests are not "on the ta-

ble".

6. Any band putting an injunction on land stopping economic development will be ineligible to take part in the treaty-making process.

7. Express a willingness to negotiate self-government of a municipal nature with native hands but only outside of land claim agreements so as to avoid constitutional rigidity.

8. Rework the final agreement with the Nisga'a, before it has been ratified, to correspond with the points set out above, including a province-wide referendum.

Failing this, the only alternative would be to discontinue the treaty-making process and for the two senior governments to legislate a solution to the fullest extent constitutionally possible as was done in Australia.

Finally, our governments and the native people would be wise to recognize that the good will of most British Columbians is finite and that they will simply not tolerate having their long established property rights (including homes) and the health of the provincial economy being held ransom by 3% of the people.

BRITISH COLUMBIA

Dark shadows

loom over treaty process

by Robert Pauliszyn

Ever since the Nisga'a negotiations concluded back in mid-July, there has been a steady barrage of commentaries, analyses, and arguments made regarding British Columbia's first modern land claims treaty. And rightly so. If ratified, the Treaty will impact all taxpayers and set a template for another 47 treaties currently under negotiation.



What will it cost to settle these treaties?

No one really knows. But one thing is certain – the price tag will be far greater than anything the government is willing to admit.

Since the very beginning, the provincial government consistently underestimated the cost of the Nisga'a settlement. When the first details trickled out in 1995, it was reported that B.C. and Ottawa were offering \$125 million, 1,900 square kilometres of crown land, a share of the Nass River fishery, and the promise of aboriginal self-government.

When the Agreement in Principle was released in 1996, the cash component jumped to \$190 million. But this figure failed to include the value of the Crown land and natural resources transferred in the deal. When pressed, the government reported the land's value at \$107 million bringing the price tag to nearly \$300 million. Even then, government press releases, advertisements and speeches kept feeding people the line that the settlement would only cost \$190 million.

Some critics were quick to point out that the government seriously underestimated the value of the land and resources given up in the deal. At \$107 million, this works out to only \$228 per acre – trees, minerals and water resources included. But independent assessments of the timber resources alone put the value at \$350

million to \$490 million. Taking other undisclosed costs into account, one study commissioned by the Fisheries Survival Coalition pegged the cost of the Nisga'a Treaty at \$1 billion.

Needless to say, the Clark government was quick to denounce these independent reviews as outlandish exaggerations.

Well, \$1 billion does sound outlandish. But the independent estimates are now proving to be far more accurate than any figure put out by the government.

Even in the last weeks leading up to the final agreement, the Clark government

kept spinning the yarn that the deal would cost \$190 million. When the Liberal Opposition released a leaked copy of the agreement, the official estimate jumped to \$312 million. When questioned on the breakdown of costs, Premier Clark admitted it was closer to \$382 million. Then the Premier's staff admitted he had neglected to include some items and the cost rose to \$459 million. The next day, the figure was revised again to \$490 million. That's a 158 percent increase over the course of a couple of days.

And this isn't the end of it. The tally doesn't include the promise of financial assistance to the new Nisga'a government nor does it reflect a more accurate assessment of the value of the crown land and resources transferred under the Treaty. When all is said and done, the real cost will be much closer to \$1 billion than the \$190 million figure the government touted for so many years.

What's even more disturbing, this history of incompetent cost forecasting applies equally to the treaty process as a whole.

When the province entered the 1992 federal-provincial agreement to resolve land claims, the province and Ottawa estimated the total cost of settling aboriginal land claims at less than \$5 billion.

BRITISH COLUMBIA

Three years later, a government commissioned study conducted by KPMG Consulting estimated the cost of settling an expected 60 treaties at \$6 billion (1995 dollars) in cash and land worth almost \$3 billion – an estimated 24,000 to 29,000 square kilometres or 3 per cent of the B.C. land mass.

Another three years and the estimate jumps again. When you extrapolate the most conservative estimate for the Nisga'a deal to the roughly 150,000 aboriginal citizens that stand to benefit from treaties, total costs rise to \$13 billion. But given the gross under-underestimates of Crown land values and the uncertain price tag for aboriginal self-

government, the costs will likely approach \$30 billion.

And that's only if the Nisga'a framework acts as a cap or limit on the remaining 47 agreements. But don't count on it. Given the government's track record, settlement costs will go up, and up, and up again. When it comes to treaty-making, the sky is the limit. ■

by Troy Lanigan

BC's Chief Electoral Officer Bob Patterson has appointed forensic auditor Ron Parks to investigate whether all contributions and expenditures were reported in last winter's recall campaigns. The investigation was ordered after the *Vancouver Sun* surfaced evidence of a cover-up involving senior government officials and the New Democratic Party.

Ron Parks has a solid reputation having unravelled much of the Nanaimo Bingogate scandal. But what has not been made clear is whether he alone will be able to determine any wrongdoing.

It is worth noting that Mr. Patterson's letter of authorization gives Mr. Parks authority "to conduct an investigation into the activities ... of recall participants" but not cite violations of the law. Opposition Leader Gordon Campbell was correct to recommend "independent legal counsel" also be appointed.

No matter how detailed the information gathered by Mr. Parks the public can expect a whitewash if it falls to the Chief Electoral Officer to determine wrongdoing. The day this story broke Premier Clark welcomed an investigation by Mr. Patterson. And why not. Just look at Mr. Patterson's track record. In enforcing the gag law he focused only on the government's critics, intervened twice in opposing David Stockell's election fraud case against the NDP and refused to consider voter list

irregularities repeatedly brought forward last winter by recall proponents. Already Mr. Patterson has made comments to the media suggesting he takes a broad interpretation on the use of "paid volunteers".

A new recall petition just filed in Prince George North suggests that citizens have passed their own judgement and are not going to wait for the outcome of any investigation. As radio broadcaster Rafe Mair said a few weeks ago "a few more recalls would channel energies into what at least has a chance of getting the agony over." ■

RECALL GATE



BRITISH COLUMBIA

HOSED BY HYDRO

by Robert Pauliszyn

You've probably heard or seen BC Hydro's ad campaign trumpeting the extended rate freeze and a one-time, two percent credit to your Hydro bill. Rates are frozen through the year 2000 and the average homeowner had \$12 knocked off their utility bill. Gives you a kind of warm and fuzzy feeling doesn't it?

Well, you've got to give the government credit. They've managed to put a happy façade on one of the most blatant examples of price-gouging by a monopoly ever seen in British Columbia.

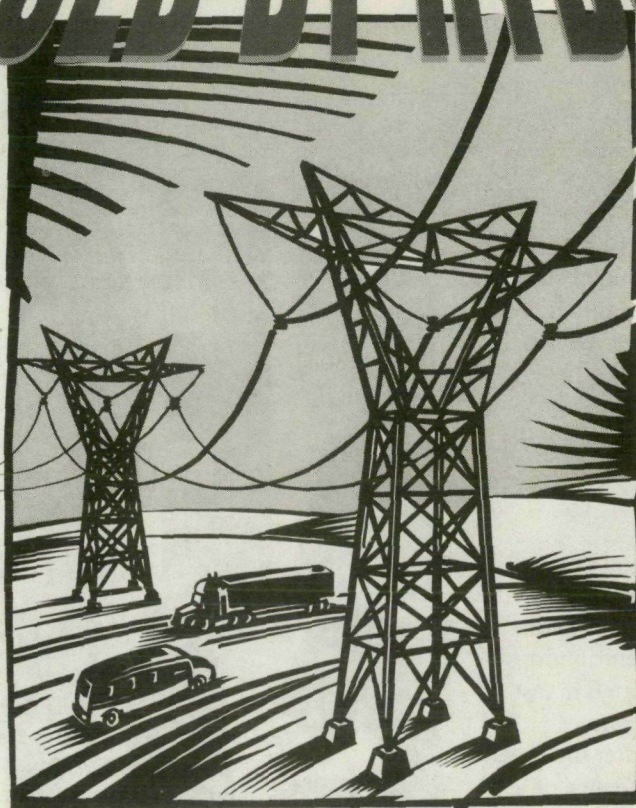
According to the rules governing BC Hydro, you deserve better than a rate freeze – you are owed a 7.5 percent reduction. That's right, you're owed a rate cut. By the way, that magnanimous \$12 rebate you've been promised – it should rightly be about \$150 over the next two years.

Essentially, BC Hydro should not be earning a return on equity greater than that allowed by the most comparable privately-owned utility regulated under the Utilities Commission Act. The guidelines set this at 14.8 percent for fiscal year 1996/97 and 17 percent for 1997/98. If BC Hydro earns more than this, its customers can apply to the BC Utilities Commission for a rebate and rate reduction.

BC Hydro earned a return on equity of 16 percent in 1996/97 and 18.7 percent in 1997/98. In other words, over the past two years the Crown overcharged its customers by more than \$100 million. And it looks like they'll take even more in 1998/99.

Armed with these projections, the Council of Forest Industries, the Mining Association of B.C. and the Electro-Chemical Producers applied to the B.C. Utilities Commission in November 1997 to have all BC Hydro customer rates reduced by 7.5 percent.

Within two weeks of making the application, the Clark government replied with an Order-in-Council that



effectively stripped the B.C. Utilities Commission of its ability to regulate BC Hydro rates, projects and the contracts it enters into for the purchase of electricity. After thinking about it for three months, the industrial groups applied to the courts to have the Order-in-Council set aside.

In response, the B.C. government amended its November cabinet order by dropping the references to projects and contracts but it did not drop its new power to dictate Hydro rates. The subtle change knocked the feet out from under the court

challenge. To prevent any further challenges, Minister of Finance Joy MacPhail introduced the *British Columbia Hydro and Power Authority Rate Freeze and Profit Sharing Act*. The Bill amended the Hydro and Power Authority Act to guarantee Glen Clark's unfettered power to set Hydro rates.

Why would the government want to strip the Utilities Commission from its ability to set rates that are "just and reasonable"? The answer is money. Piles and piles of money. Hundreds of millions more than the government would ever allow a privately-owned monopoly to make.

The sad truth is BC Hydro isn't about providing the best possible deal on your power bill – it's about being Glen Clark's "mother of all cash-cows."

Last year alone, BC Hydro transferred \$366 million to the province, in addition to \$457 million paid in water rentals, school taxes, grants and capital tax to provincial and municipal governments. In other words, fully one-third of your Hydro bill is tax. One-third.

And to deflect attention away from this cash grab, the province tosses back \$31 million in rebates and wastes \$6 million on a glitzy ad campaign.

I don't know about you, but I've certainly lost that warm and fuzzy feeling. ■

BRITISH COLUMBIA

Aluminum pipe dreams

by Robert Pauliszyn

Last December, Premier "Jobs, Jobs, Jobs" Clark made a big ballyhoo about his efforts to convince a couple of American aluminium companies to set up new smelters in British Columbia. His lure: buckets of cheap electricity that were coming to the province courtesy of the Downstream Benefits from the Columbia River Treaty.

The Premier's sales job didn't extend only to the American companies. He also tried to sell BC Hydro customers the same false bill of goods.

A good portion of electricity from the Downstream Benefits was already promised to Alcan if the company was to build a second smelter at Kitimat. The Canadian Taxpayers Federation and others were quick to point out that there was not enough electricity left to power another smelter, let alone two or three more.

The only way the government could provide the cheap electricity would be for BC Hydro to build expensive new power plants and saddle its existing customers with the cost of the subsidy to the smelters.

Not someone to let it rain on his parade, the Premier categorically denounced the criticisms. There would be more than enough electricity coming back to the province he claimed.

Well, he certainly didn't convince BC Hydro. Documents recently obtained by the Liberal opposition reveal the Crown corporation is pricing out long-term natural gas contracts to meet various scenarios — including the increased demand for electricity created by potential new aluminium smelters.

BC Hydro's April
28, 1998 letter
is quite

clear:

Over the next ten years, BC Hydro is also aware of, and may have responsibility for, gas supplies to potential power plants associated with:

(i) A possible new aluminium smelter at Kitimat to be developed by Alcan;

(ii) A possible new aluminium smelter to be developed at one of a number of sites in the province (possible sites are Prince Rupert, Powell River, Port Alberni, or Savona/Kamloops), and

(iii) new generation required to meet BC Hydro's system load growth.

There goes the idea that British Columbia is overflowing with cheap electricity. As point (iii) above suggests, new generation will be needed just to meet normal growth in demand — let alone new power-guzzling smelters.

So where's the cheap electricity going to come from? You guessed it — every homeowner, every small business, and every beleaguered industry in the province will be subsidizing the smelters through their Hydro bills.

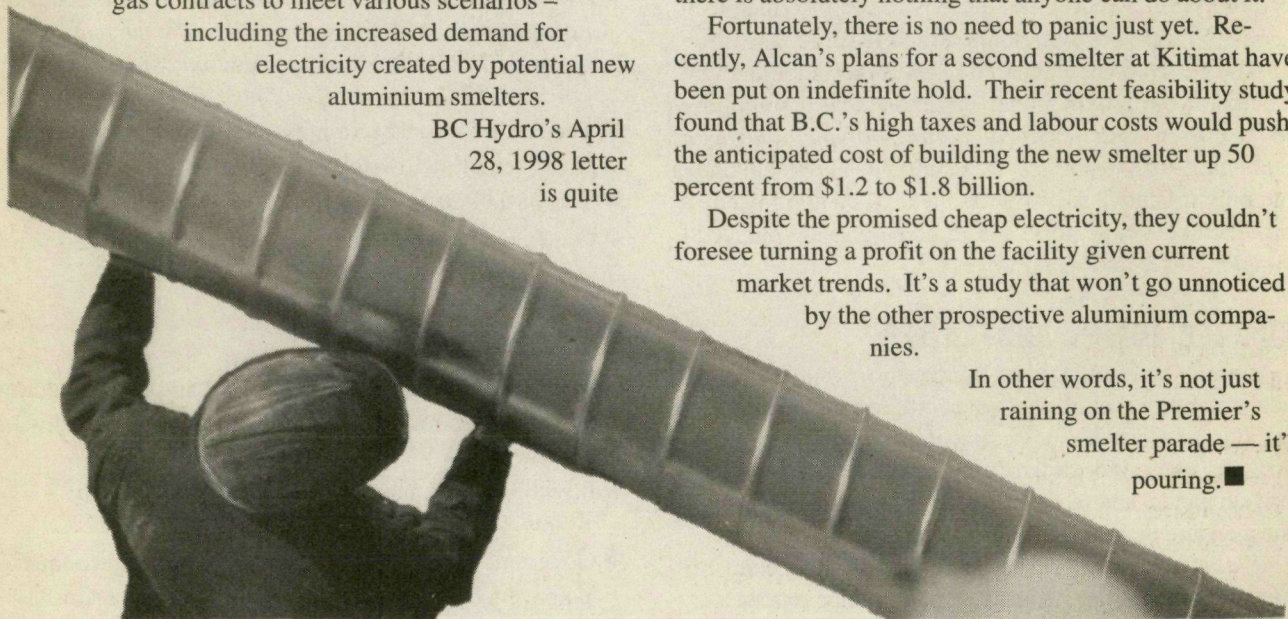
Premier Clark has already cleared the path to make this happen. Just this past April he stripped the British Columbia Utilities Commission of any power to regulate BC Hydro. Now the Crown utility takes its marching orders from one place only — the Clark cabinet table.

The Premier can now order BC Hydro to sell its power to the smelters at below cost with the rest of us picking up the tab. Without the Utilities Commission to appeal to, there is absolutely nothing that anyone can do about it.

Fortunately, there is no need to panic just yet. Recently, Alcan's plans for a second smelter at Kitimat have been put on indefinite hold. Their recent feasibility study found that B.C.'s high taxes and labour costs would push the anticipated cost of building the new smelter up 50 percent from \$1.2 to \$1.8 billion.

Despite the promised cheap electricity, they couldn't foresee turning a profit on the facility given current market trends. It's a study that won't go unnoticed by the other prospective aluminium companies.

In other words, it's not just raining on the Premier's smelter parade — it's pouring. ■



ALBERTA



by Mark Milke

Canada's taxes are complicated, high, and punish Canadians for being successful. They discourage working, saving, investing, and spending. To reverse the lose-lose scenario of job-killing punitive taxation, CTF Alberta offered several recommendations to the province as it seeks to reform provincial personal income tax.

The government wanted to know if they should calculate your provincial tax based on income *as opposed to the current practice of calculating provincial tax as a percentage of federal tax*. We cautiously endorse the idea but only if Ottawa still collects the tax (we don't need provincial tax collectors) and if three goals are pursued - simpler, lower and flatter taxes.

SIMPLER, LOWER, AND FLATTER

Simpler taxes are crucial because government accountability is enhanced when citizens understand their tax system. Complexity is a foe of accountability.

Low is key since dollars multiply more rapidly in private hands than in government pockets. Any reforms must ensure that no Albertan pays more.

Flat is important because simplicity is enhanced with one rate of taxation. As long as the province retains a

Basic Personal Exemption (BPE) and preferably a generous one, the tax system will still be progressive but without punishing wealth creation.

RECOMMENDATIONS

- Alberta calculates provincial personal income tax as a percentage of income *as opposed to the current method where provincial personal income taxes are calculated as a percentage of federal tax*.
- The Basic Personal Exemption (BPE) be generous, thus exempting low-income Albertans from taxation.
- The Basic Personal Exemption be indexed to inflation.
- One low rate of tax with a minimum of credits be established.

POSSIBLE ADVANTAGES

- It will provide better accountability and understanding of federal income taxes paid vis-à-vis provincial income taxes.
- It will provide a model for other jurisdictions to follow.
- Governments will be less able to "divide and conquer" taxpayers by splintering one income group against

ALBERTA

another in the event of a proposed tax increase.

Lessons from Hong Kong

While the concept of one tax bracket may seem radical to some, it is not. This model exists in one of the world's most successful economies - Hong Kong - present flu symptoms notwithstanding. Citizens are given the choice of two ways to file their income taxes:

(A) The old way - with various deductions and credits and ever-higher rates depending on income.

OR

(B) Their net income minus charitable deductions taxed at one flat rate of 15%.

While Hong Kong citizens do not have to pay taxes to three levels of government as do Canadians, the fact that simpler, flatter, and lower taxed jurisdictions exist should be a reminder to Canadian politicians that better tax systems *do* exist if they care to examine them.

The Benefits for Albertans

One U.S. government study has shown that American states with "flatter" (i.e., closer to a single rate) income taxes, or no income taxes at all, fared much better economically than states with multi-rate progressive income taxes.¹ Personal income in flat-rate income tax or non-income-tax states grew about 25 percent faster over the last four decades than did personal income in states with a "progressive" rate.

Job creation, entrepreneurial activity, and tax revenues that fund roads, hospitals, and social programs do not appear miraculously and without visible means of support. They come from simpler, lower, and flatter taxes.

Will the CTF's proposed reforms make the rich pay less and the working poor pay more?

No. When the top federal U.S. tax rate was lowered in the 1980s from 70% to 50% and then to 28%, the share of overall taxes paid by the richest 1% of Americans increased from 19.3% of all federal income taxes paid in 1980, to

24.7% of all taxes paid in 1990. The top 5% of Americans likewise saw their share of the burden of federal income tax rise from 37.9% in 1980 to 43.5% in 1990.² In fact, all of those in the top 50% also saw their share of the federal income tax burden rise even as rates were lowered. This is not magic, "voodoo-economics," or an accident. When governments allow people to keep more of their own money, more wealth is created.

Does everyone pay the same percentage of tax under the CTF proposal?

No. The percentage of income paid in tax still rises. For example, an exemption of \$15,000 with a 10% single tax rate means a \$20,000 wage earner pays 2.5% of her total income in provincial income tax, while a \$60,000 wage earner will pay 7.5% of his income in provincial income tax. (The figures are used only for illustrative purposes. We are not recommending a particular exemption or rate of taxation at this time.)

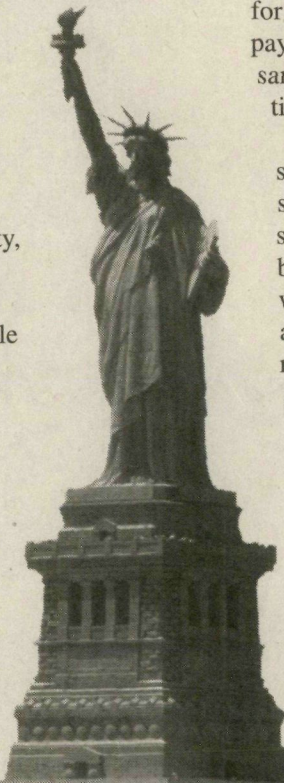
What about deductions and credits?

Ottawa and the provinces have agreed not to change the way "taxable income" is calculated. That means all the deductions (RRSP for example) would still be there. As for credits - federal credits would still affect federal tax payable, and the province could choose to offer the exact same credits (affecting provincial income tax payable) or tinker with them.

In every survey conducted by the CTF, our supporters always complain of the complicated tax system. They've indicated they want a simpler tax system. The purpose of the tax collection system should be to collect taxes in the simplest, fairest, most efficient way possible for the operation of government - not to achieve social or political ends best done through other means. The message for politicians: Make our taxes simpler, lower, and flatter. ■

¹ Source: National Taxpayers Union Foundation/Joint Economic Committee, "State and Local Taxation and Economic Growth: Lessons for Federal Tax Reform..." Chaired by Prof. Richard K. Vedder, Ohio University. ² Source: U.S. Internal Revenue Service, Statistics of Income Division, unpublished data.

Personal income in flat-rate income tax or non-income tax states grew 25% faster than states with a progressive tax rates.



ALBERTA

Reporting to our supporters: What has CTF-Alberta Director Mark Milke been up to during his first year?

Media activities:

It was an extremely busy first year for the new CTF Alberta director Mark Milke. In media-related activity between August 1997 and July 1998, Mark gave 174 newspaper and magazine interviews, six live television interviews and 50 taped television interviews on subjects ranging from Alberta's taxes to pay equity to MLA expense accounts. Radio stations phoned 76 times, and the Alberta office filled 44 media requests for background information, not including requests from supporters. Mark gave eight speeches, including one to a seniors' association on the Canada Pension Plan; the Calgary West Rotary Club on the CPP and "bracket creep;" and on taxation for the Cold Lake Chamber of Commerce.

During the past year, Mark has authored opinion pieces for various newspapers, including articles on the Growth Summit for *The Edmonton Journal*; pay equity, tax credits for the film industry, and taxation for *The Calgary Herald*, and on pay equity for *The Financial Post*. The Alberta Director has also discussed a variety of subjects related to taxation and government spending on live talk radio shows on 630 CHED/QR77 (the *Rutherford Show* and the *Leslie Primeau Show*) and on CBC

Calgary and CBC Edmonton (Edmonton AM, Calgary AM).

CTF Alberta activity summary

August 1997 - July 1998

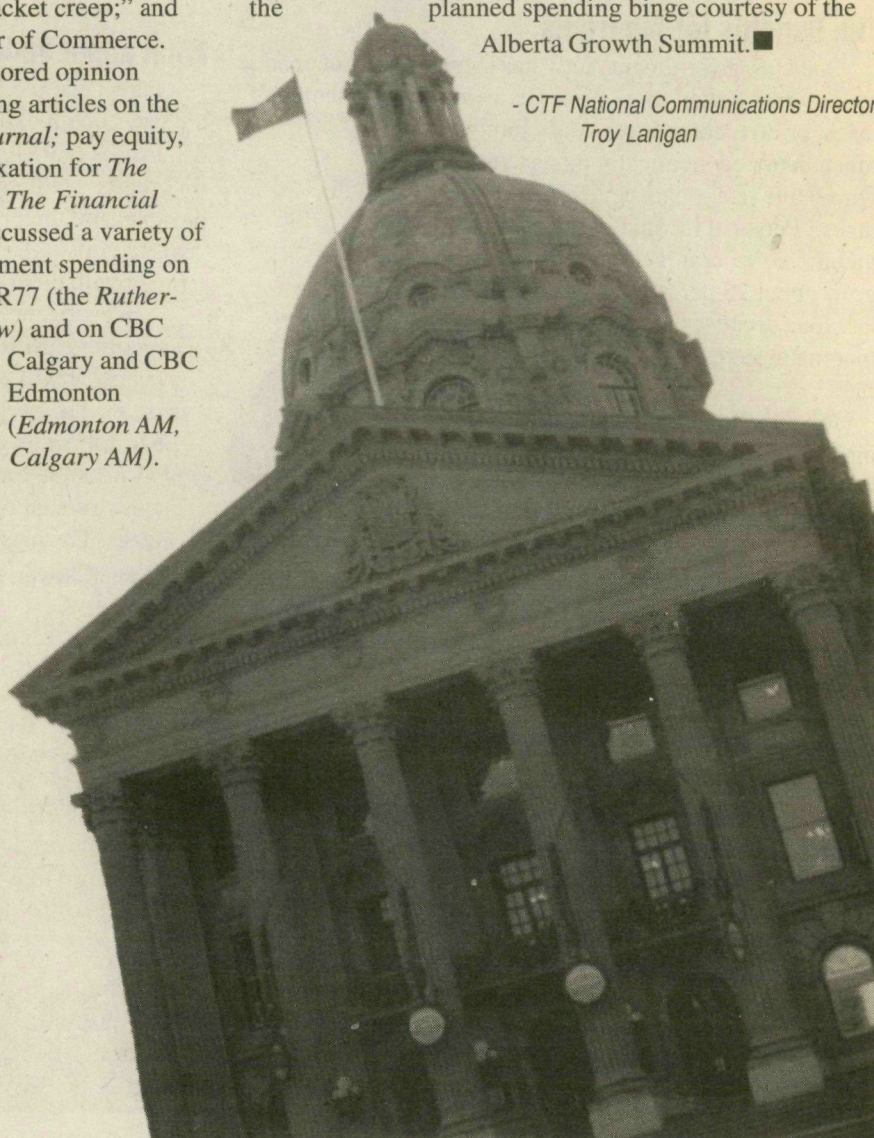
Newspaper	147
Magazine	27
Freelance journalist	4
Letter to the editor	8
Opinion page editorial	4
Editorial board	6
Radio	76
Live radio	39
Wire	19
Talk show radio	39
Speaking engagement	8
Background info	50
Television	44
Live television	6
Presentations/reports	5
News releases	17
Media advisory	4
Total Activity	473

Research

In addition to creating an Alberta advisory board for CTF Alberta, Mark (with valuable clerical help from Lois Wilkie,) researched the *extra* cost of the federal government's hike in CPP taxes (\$48 billion over six years), released five studies including one on how to target tuition subsidies to those most in need, on possible reforms to Alberta's personal income taxes, on the proposed CPP Investment Board, and on expanding Alberta's *Freedom of Information and Protection of Privacy Act*. Seventeen news releases were issued on everything from taxpayer cash for the Edmonton Oilers to the planned spending binge courtesy of the

Alberta Growth Summit. ■

- CTF National Communications Director
Troy Lanigan



ALBERTA



Know where the candidates stand on the issues

Questions for your municipal candidates in Alberta

This autumn, Albertans will vote in a municipal elections. Clip this page, copy it, pass it on to friends, family, and associates – and give it to the candidates seeking your vote. Ask them to get it back to you before you vote. You deserve straight answers.

Dear _____:

I need to know where you stand on these important issues before I can decide whether I will vote for you. Please fill out this form and return it to me at my address below.

QUESTIONS

#1: Do you favour privatization and contracting out – and will you seek to implement such cost-efficient and taxpayer-friendly solutions where it is shown to save tax dollars?

☐ Yes

☐ No

#2: Do you promise not to allow property taxes to increase until a full privatization and contracting out study is completed?

☐ Yes

☐ No

#3: If such a position exists in this municipality, will you vote to give the Auditor General the right to investigate without prior approval, and to make public recommendations about civic finances, similar to the powers granted to provincial and federal auditor generals?

☐ Yes

☐ No

#4: Will you, as a guardian of the taxpayers' money, refuse to subsidize private businesses, either directly or indirectly?

☐ Yes

☐ No

#5: Do you favour giving citizens the right to vote on major capital expenditure proposals, such as a new freeway or sports arena?

☐ Yes

☐ No

I, _____ am running for the position of _____ in _____.

(Candidate's Name – please print)

(Ward/Municipality)

Name: _____ Signature: _____

Thank you for contributing to an informed electorate in this year's elections. Please return this form to:

Voter's Name: _____ Address: _____

Phone number (if desired): _____ Facsimile number (if desired): _____

The Canadian Taxpayers Federation is an independent, non-partisan, non-profit, supporter-funded organization. We seek to provide citizens with information related to candidates' positions on taxation, spending, and direct democracy. We do not endorse specific candidates or political parties.

SASKATCHEWAN

Do you want to know how to turn the tide in the war on poverty? It's not some new government program that costs millions of dollars to fund. It's just two words: Tax relief. The first thing government can do to fight poverty is to stop making people poor with the tax system.

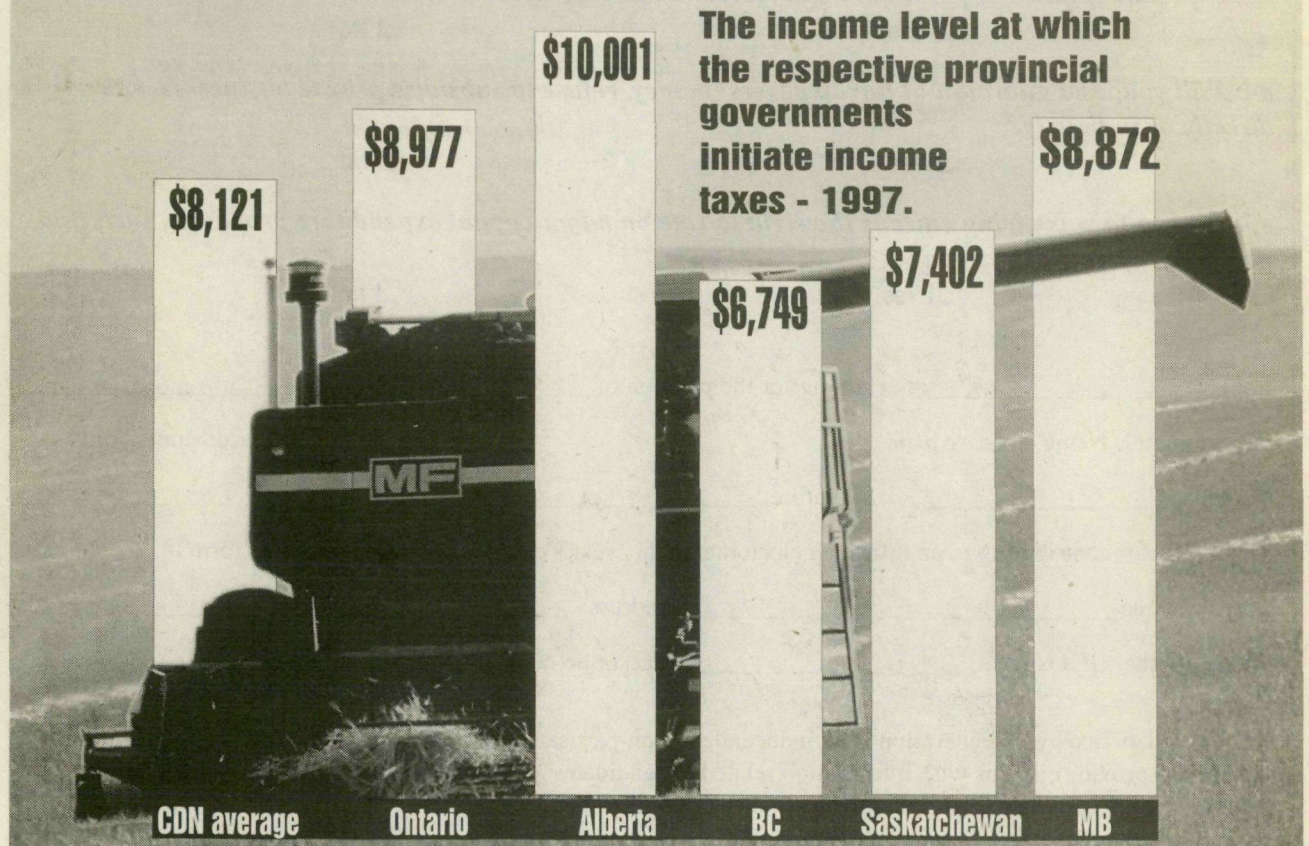
Believe it or not, our governments actually tax people who they consider impoverished. I'm not talking small change either. Each year almost \$6 billion is collected in income tax from people who live below

LESS Taxes Poverty through lower Taxes

the "poverty line." That's \$6 billion worth of blood from the proverbial stone!

Social activists and our governments use Statistics Canada's low-income cut off (LICO) figure as the measure of the number of Canadi-

Taxing the poor



SASKATCHEWAN

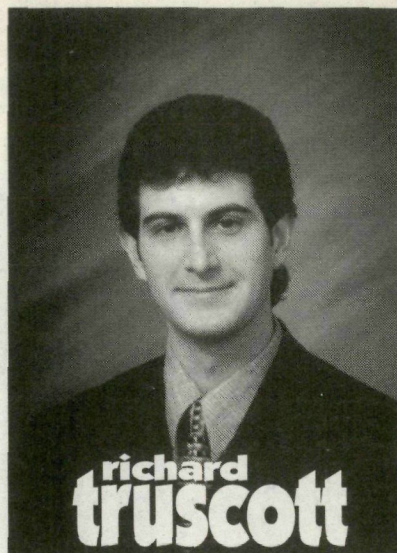
ans living in poverty. In 1997, the LICO for a single taxpayer was \$16,320 and \$28,119 for a family of three.

Many of the people who fall below this line are the so-called "working poor". Young workers trying to get ahead. Single mothers trying to get by. Workers in jobs that don't pay so well, or who can't get enough hours. Older workers in dying industries who have families to support.

You would think that the government would give these people a break. When pulling yourself up by the bootstraps, you hardly expect the government to steal your boots!

But even modest income is preyed upon by the taxman. Our federal government starts taxing us at \$6,500 a year -- a lower income level than almost every other industrialized country. If you make more than the basic personal exemption, you're liable to be paying income taxes. In comparison, the British government doesn't start taxing until \$9,000 per year and the United States starts at \$9,500 per year. In fact, taxpayers in some industrialized countries can earn up to \$15,000 before they start paying taxes.

People at the low end of the income scale can least afford Canada's punitive tax burden, but that burden is



getting heavier all the time.

The government's own numbers reveal that the average Canadian family has suffered a \$3,000 drop in income since 1993 (after adjusting for inflation). And it's not because you have a hole in your wallet. The reason is higher taxes. For example, the amount the average Canadian family spends on shelter, food, or clothing as a portion of pre-tax income has remained the same or declined since 1961. But the amount these same families pay in taxes as a percentage of income has jumped by over 45%.

That is the impact on the average family, but what about the low-income family? Imagine how this tax burden impacts them. The effect of this trend toward less take-home pay has been most pronounced on those people at the lowest income levels.

Thanks to our tax policies, Revenue Canada gets richer and the poor get poorer.



SASKATCHEWAN

All this begs the two obvious questions:

First of all, why are our governments sucking billions of dollars each year out of the pockets of those people who, by its own standards, are living in poverty? Especially a government that professes to be so socially enlightened?

Maybe there is no sensible answer. The government overtaxes us because it can, and because it has to feed the debt that enslaves it, and the bureaucracy that clings to it.

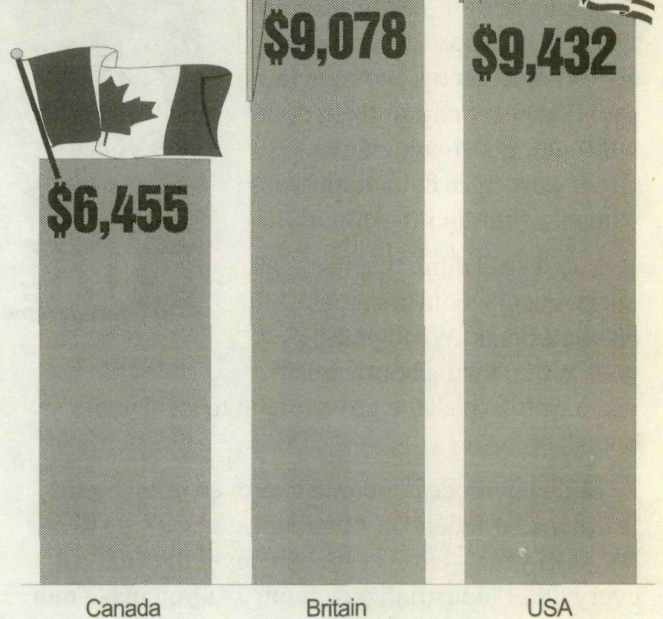
A truly cynical person might conclude that the whole thing is a make-work scheme for bureaucrats: Promote poverty by taxing low-income earners, and then mitigate the effects of poverty with social programs. The project finances itself with tax dollars, and creates jobs for both tax collectors and social program administrators. Even without such a sinister plan, the sinister effects of the government's actual tax policies are quite the same!

The second obvious question is what do we do about it?

Thankfully, the solution is fairly simple: Lower taxes. If we raised the basic personal exemption and the spousal exemption, we would all enjoy more after-tax income. However, the benefits would be most profound for lower income Canadians.

Tax relief is socially responsible. It would help millions of people who need help. They need what every taxpayer in this country needs - more of their own hard-earned dollars left in their pockets, wallets

The income level at which the respective federal governments initiate income taxes



and purses. With the tax monkey off their backs, hard-working Canadians would have a chance to make a good life for themselves and their families.

But to turn the tide against poverty, government must first decide to become part of the solution, and stop being a part of the problem. ■

The drain in *Brains* falls mainly on the *Plains*

by Richard Truscott

Do you hear that rumble in the distance? That's the sound of people stampeding out of our province in search of greener pastures. Maybe the sound you hear is closer to home - the sound of a door closing and a car leaving your driveway as your son or daughter heads off to Alberta or the US. It's a sound is all too familiar in Saskatchewan.

According to the latest population figures, Saskatchewan suffered a net out-migration last year of 1,765 people. But even more startling was the loss of 785

people for just the first quarter of 1998.

The caravan out of Saskatchewan is not only trekking to Alberta, it's also headed south. In fact, the total number of Canadians going to work in the U.S. has jumped from 20,500 in 1990 to 46,500 in 1996. That's equal to the populations of Moose Jaw and Weyburn. If the reverse were happening, it would be the equivalent of 350,000 Americans pouring into Canada each year! What makes the situation even worse is that many of these people are our best and brightest - born, raised and educated right here in Saskatchewan. This trend has

SASKATCHEWAN

been blamed on a number of factors, but the main reason for the brain drain is taxes.

There are many different ways to measure the difference in tax between Canada and the U.S, but we'll look at just two. The first is Tax Freedom Day, which reflects the number of days you need to work to pay all your taxes. In 1981, Tax Freedom Day was May 4 in the U.S. compared to May 30 in Canada. By 1998, Tax Freedom Day had moved to May 10 in the U.S., but had fallen all the way back to June 27 in Canada.

This trend is even more apparent when you compare our province with the American states just south of the border. Tax Freedom Day in Saskatchewan was July 2 for 1998. By comparison, the taxpayers of North Dakota celebrated Tax Freedom Day on April 30, while the people of Montana started working for themselves on May 3.

A second way to measure the relative tax burden is to look at personal income taxes. As a percentage of total economic output, personal income taxes in the 1960s were actually lower in Canada than the U.S. -- 6% here compared with 7.7% south of the border. But by the 1990s, we were at 15% compared with just 10% in the U.S. In other words, the personal tax burden increased

by an incredible 136% over the past three decades in Canada compared with only a 31% increase in the U.S.

But again, these are averages for all of Canada. The actual difference between Saskatchewan and our neighbouring American states is even greater.

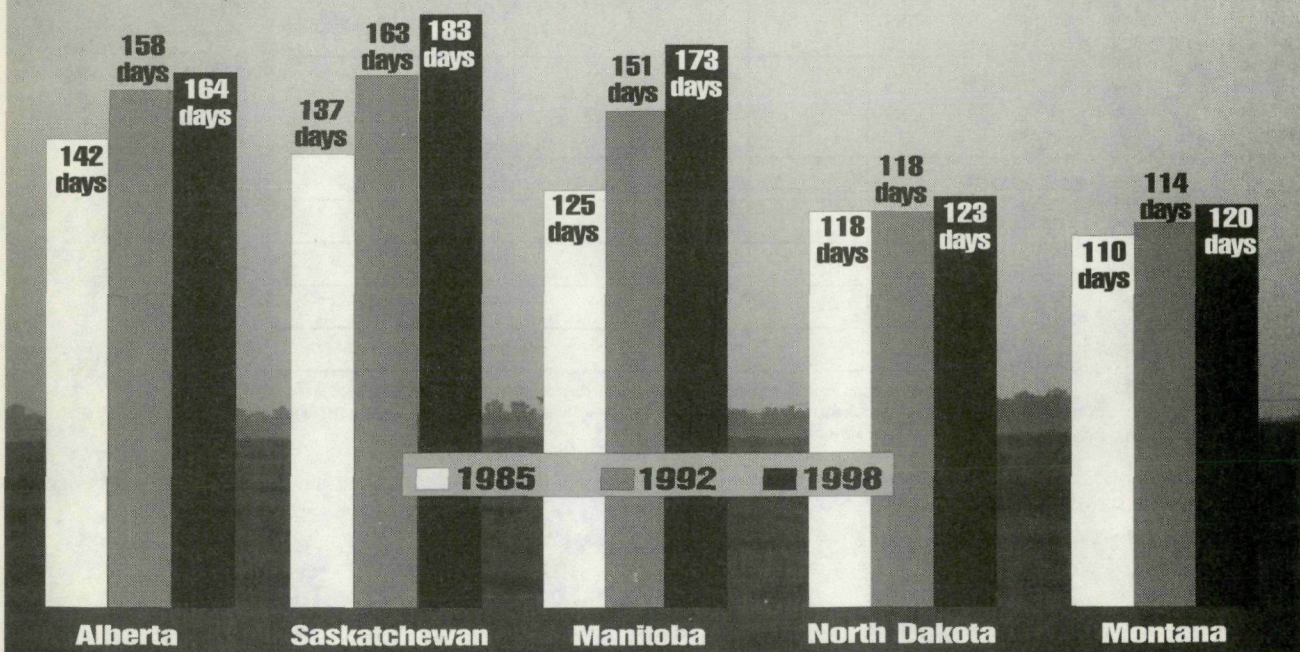
The point is taxes have increased substantially in Canada over the past few decades. And the more punitive they become the greater the incentive for people to seek greener economic pastures elsewhere.

The movement of people and their skills and resources out of Canada and Saskatchewan is a vicious circle. As Canada's punishing tax regime drives people and businesses to more economically desirable areas, Canada becomes less desirable, producing more economic emigrants, further damaging Canada's economic prospects, and the brain drain continues....

The best way to break the cycle is to narrow the tax gap between Canada and the US. Now all we have to do is convince our tax-happy governments. Canada has a lot going for it, and so does our province. If we can stop punitive taxation, we can begin to create a positive environment for people and employers to work and do business in. And if we do that, more people will be able to build a future in Saskatchewan. ■

Tax Freedom

The number of days it takes to pay the taxes in Saskatchewan compared to our neighbours.



CTF Supporter Survey Backgrounder

To help you complete the Manitoba section of the enclosed supporter survey, please refer to the information outlined in this section.

Interprovincial Income tax rates - 1998

All provinces except Quebec, calculate personal income tax as a percentage of basic federal tax

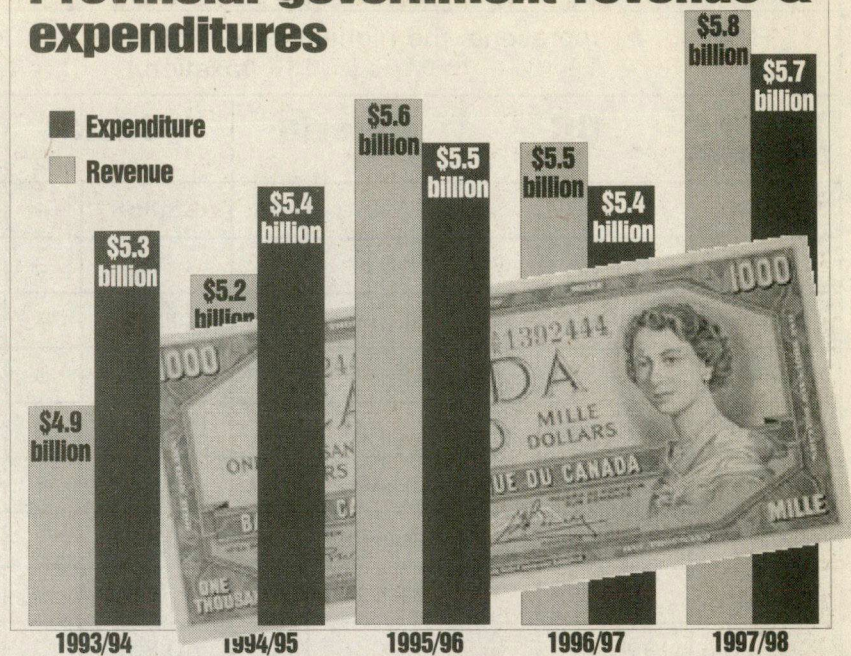
Province	Basic rate	Surtax		Flat Tax	
		% of prov tax	On prov tax above:	% of income	On income above:
BC	50.50%	30%	\$5,300	n/a	
		56%	\$8,660		
Alberta	44%	8%	\$3,500	0.50% ¹	\$9,545
Saskatchewan	49%	10%	\$1,500	2% ¹	\$7,040
		25%	\$4,000		
Manitoba	51%	n/a	n/a	2% ¹	\$7,794
				4% ¹	\$30,000
Ontario	42.75%	20%	\$4,058	n/a	
		53%	\$5,218		
Quebec	n/a	n/a	n/a	n/a	
New Brunswick	61%	8%	\$13,500	n/a	
Nova Scotia	57.50%	10%	\$10,000	n/a	
PEI	59.50%	10%	\$5,200	n/a	
Newfoundland	69%	10%	\$7,900	n/a	

Source: Tax Facts and Figures, PricewaterhouseCoopers, 1998¹ Provincial flat taxes are calculated as the percentage of taxable income in Alberta. In Manitoba and Saskatchewan the percentages apply to net income. Manitoba's 2% second tier flat tax (bringing the total to 4%) applies to net income over a threshold of \$30,000.

Provincial Government Revenue & Expenditure Chart

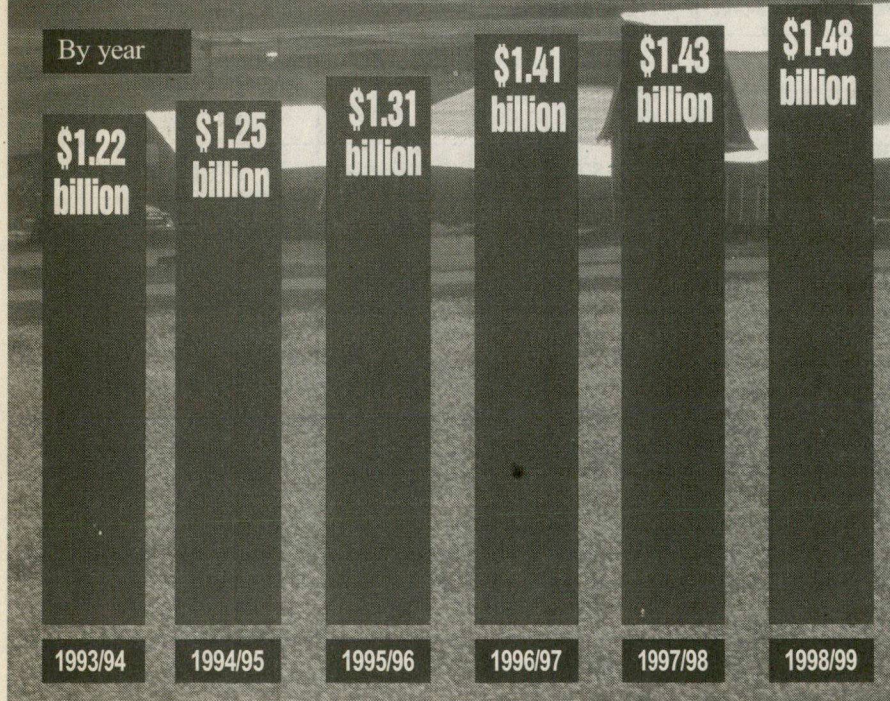
Budgetary revenues have increased by \$90 million since 1993/94. Government spending is up \$40 million over the same period. The battle against the deficit was not won by restrained government spending, but on the backs of taxpayers, thanks to record high tax revenues.

Provincial government revenue & expenditures



Individual Income tax revenue charts

Individual Income Tax Revenue



Despite a modest one percent individual income tax cut for 1998, individual income tax revenues continue to climb over previous years.

MANITOBA

Interprovincial individual income tax comparison - 1998

Manitoba taxpayers pay the highest individual income taxes in Western Canada

Ranking: #1 represents the highest rate of taxation. #10 represents the lowest rate of taxation.

Taxable income	BC		Alberta		Sask		Manitoba		Ontario	
\$20,000	\$3,500	8	\$3,450	9	\$3,868	4	\$3,881	3	\$3,321	10
30,000	6,140	8	6,027	9	6,787	3	6,760	4	5,827	10
40,000	10,092	8	9,860	9	11,056	4	11,125	3	9,577	10
50,000	14,085	8	13,779	9	15,578	3	15,531	4	13,369	10
60,000	18,400	8	17,859	9	20,218	3	20,051	4	17,476	10
70,000	23,423	8	22,406	10	25,363	3	25,050	4	22,444	9
80,000	28,526	8	26,966	10	30,521	3	30,061	4	27,472	9
90,000	33,943	7	31,526	10	35,680	3	35,072	4	32,501	9
100,000	39,539	6	36,086	10	40,838	3	40,083	4	37,530	10
150,000	66,443	4	58,887	10	66,629	3	65,138	5	62,674	9
200,000	93,526	3	81,687	10	92,420	4	90,193	5	87,818	9

	Quebec		New Brunswick		Nova Scotia		PEI		Nfld	
\$20,000	\$4,608	1	\$3,742	5	\$3,611	7	\$3,707	6	\$3,926	2
30,000	8,241	1	6,564	5	6,423	7	6,503	6	6,887	2
40,000	12,758	1	10,789	5	10,557	7	10,689	6	11,320	2
50,000	17,315	1	15,055	5	14,731	7	14,946	6	15,794	2
60,000	22,272	1	19,438	6	19,023	7	19,446	5	20,416	2
70,000	27,521	1	24,326	6	23,809	7	24,463	5	25,736	2
80,000	32,782	1	29,227	6	28,625	7	29,493	5	31,069	2
90,000	38,043	1	34,128	6	33,591	8	34,523	5	36,402	2
100,000	43,305	1	39,094	7	38,557	9	39,553	5	41,735	2
150,000	69,611	1	64,307	7	63,388	8	64,704	6	68,401	2
200,000	95,918	1	89,519	7	88,220	8	89,854	6	95,066	2

Source: Tax Facts and Figures, Price Water House Coopers, 1998

Manitoba provincial surplus chart

Thanks to the passage of the *Balanced Budget, Debt Repayment, Taxpayer Protection Act*, the Provincial government posted surpluses for the past three years and is projects record surpluses in the future. Over the past three years, surpluses were grossly underestimated. Surpluses can be applied to tax relief, accelerated debt reduction or more spending.

If the surpluses are used to increase spending above and beyond budgeted estimates, the surpluses

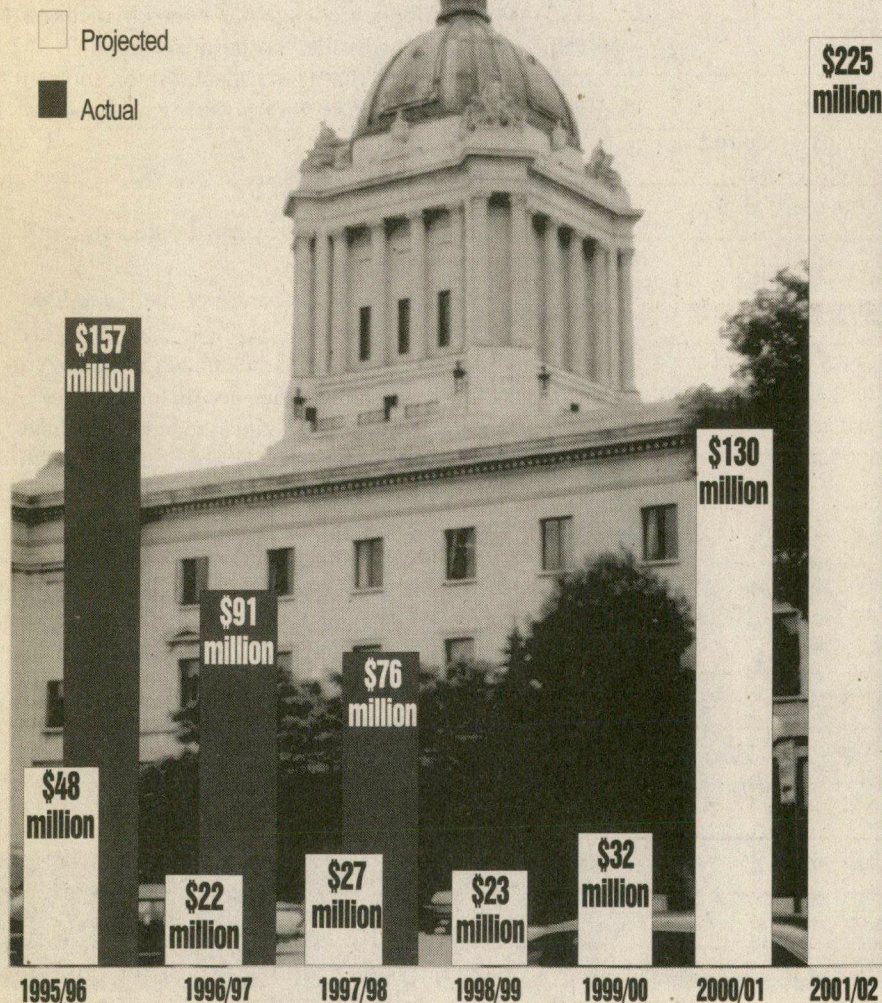
are, in effect, over-taxation. Taxes collected over and above budgeted items should either be applied toward accelerated debt relief or broad-based tax cuts.

Fiscal Stabilization Fund:

Accumulated budgetary surpluses are moved into the Fiscal Stabilization Fund. The

accumulated balance now stands at **\$565 million** as of March 31, 1998. By law, the government is required to keep a minimum of 5% of expenditures (or approximately \$282 million) in the savings account to deal with unexpected emergencies. Once the 5% target is met, any additional surplus may be transferred to the Debt Retirement Fund. Money may also be drawn from the Fiscal Stabilization Fund to increase spending. Appropriate tax cuts would temper the impulse to spend from the Fiscal Stabilization Fund by returning over-taxed incomes to Manitoba taxpayers.

Manitoba provincial surpluses



Debt Retirement Fund

The *Balanced Budget, Debt Retirement, Taxpayer Protection Act* puts a mechanism in place to eliminate the debt in 30 years or less. The government doubled its debt repayment requirements to \$150 million this year.

By law, the government must make annual deposits to the fund of at least \$75 million. This is little more than 1% of the net general-purpose debt. As bonds mature the money in the fund, including interest, will be used to repay the debt. Consequently, debt servicing costs will diminish and more money will be freed-up to retire the debt.

The provincial net debt is now \$6.7 billion. Manitoba Hydro's net debt is \$5.6 billion. Public debt costs this year were \$515 million. The provincial net debt represents 22% of the GDP, down from 30% in 1994/95. ■

Partisan artisans now you know what arts grants are really for

by Brian Kelcey

The Ontario Arts Council (OAC) is one of the many arts-related organizations that receive your tax dollars. While many big name arts organizations – like the Art Gallery of Ontario— get direct subsidies, the OAC funnels your dollars to lesser known stage, film and visual artists.

A strange political battle has been stirred up by the OAC's decision to change its funding guidelines. The council's August newsletter summarizes the new guidelines:

- * "Reinforce its support to individual artists - they are at the core of all arts activity;
- * Broaden the number of people exposed to OAC's activities;
- * Strengthen the financial assessment of arts organizations; and
- * Focus its support to periodicals."

These seemingly innocuous changes have inspired arts bureaucrats to create the Coalition to Save the Ontario Arts Council, which is planning to tour Ontario looking for help this Fall.

The corporate input controversy

According to arts lobbyists the changes represent a shocking intrusion into the arts community. Typically, arts grants are issued by what's called an 'arms-length, peer review.' "Arms-length" means that once tax money is handed to the OAC, taxpayers have no say in what happens to it. The "peer-review" means that fellow-grant receiving artists decide who gets the money.

This keeps the process solidly in the hands of those who benefit most from the taxpayer trough.

The OAC hopes to make a subtle change to this bizarre culture. Typically, grants are handed out in three ways. Project grants subsidize a particular type of project. Grants to individual artists go to individuals and organizational grants subsidize organizations. The OAC wants to bring in volunteers from outside the official arts community to help in the grant giving process for organizational grants.

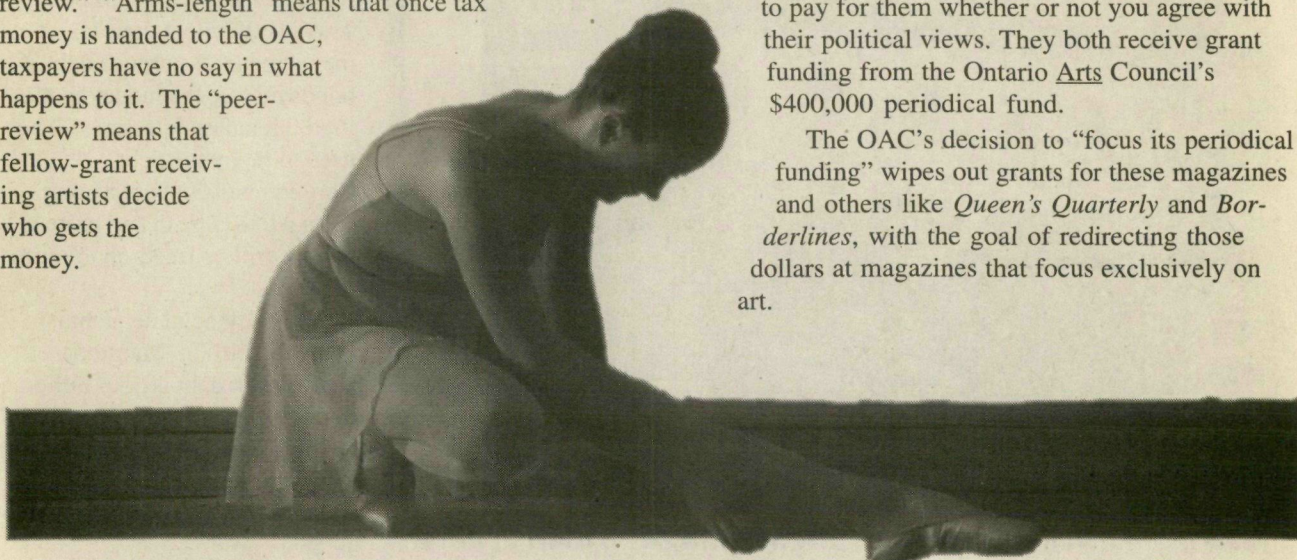
The idea is that ordinary taxpayers, business owners and others with experience in the real world would provide helpful input and advice in regards to the fundraising and management of various arts organizations. This helpful policy change has been characterized by some arts lobbyists as the "corporatization" of Canada's arts. It seems that these special interests want only one thing: your money with no strings attached.

This and That Controversy

The OAC also sparked controversy by deciding to "focus its support to periodicals."

Have you heard of *This Magazine* or the *Canadian Forum*? Sold in some newsstands, these magazines are among the flagship publications of Canada's big government advocates. These magazines are different from competing political magazines because you have to pay for them whether or not you agree with their political views. They both receive grant funding from the Ontario Arts Council's \$400,000 periodical fund.

The OAC's decision to "focus its periodical funding" wipes out grants for these magazines and others like *Queen's Quarterly* and *Borderlines*, with the goal of redirecting those dollars at magazines that focus exclusively on art.

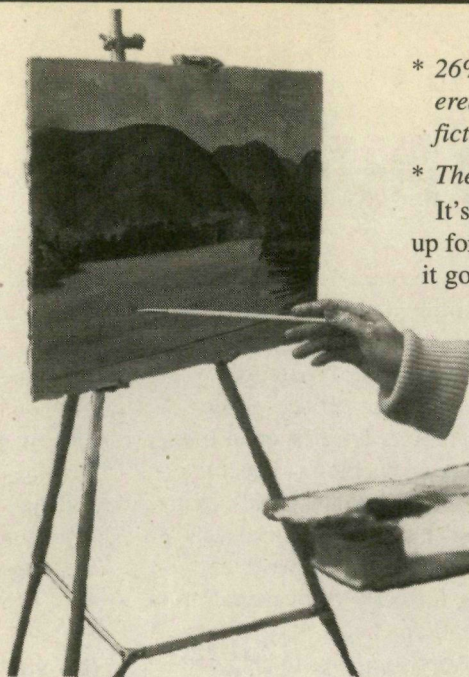


ONTARIO

Reaction was swift: columnist Rick Salutin and former *This* editor Naomi Klein penned columns in the *Globe and Mail* and the *Toronto Star*, respectively, to denounce the policy change. In a series of outbursts that bordered on accusations of authoritarianism, author Margaret Atwood told *Now Magazine's* Asmaa Malik that "Whatever the motivation, the effect [of the policy changes] is to stifle dissenting opinion. That doesn't fit any definition of democracy."

The OAC is supposed to fund the arts. Is *This* an arts magazine? Lets take a look at the content of *This* magazine's July/August 1998 Issue:

- * 36% of the paper or 15 pages was on social and general Commentary, (e.g. articles on corporate hype and women's sports)
- * Another 36% or 15 pages involved political reporting and editorial copy (e.g. "The Capitalist Crunch")



* 26% of the paper or 11 pages could be considered "arts" which featured arts commentary and fiction (e.g. "When Art Needs a Spanking")

* The remaining pages involved ads.

It's bad enough that taxpayers are forced to cough up for arts funding to begin with. It's even worse when it goes to fund a publication for big government advocates under the guise of an "arts" magazine. Maybe the *Toronto Star* should demand OAC funding

because it prints gallery reviews each week.

Taxpayers should be alarmed. The government already seems to be backing down in the face of short-sighted

criticism. Arts Council Chair Hal Jackman has already told the media that the new periodicals fund is flexible. If the arts community really wants hybrid arts/politics magazines to be considered arts magazines, he's prepared to reconsider the changes. For taxpayers, this would be a step backwards. If there is anything worth reconsidering, it's whether the OAC should exist at all. ■

To contact the Ontario Arts Council

Hal Jackman,
Chair, Ontario Arts Council

151 Bloor Street West, 6th floor,
Toronto, Ontario M5S 1T6.

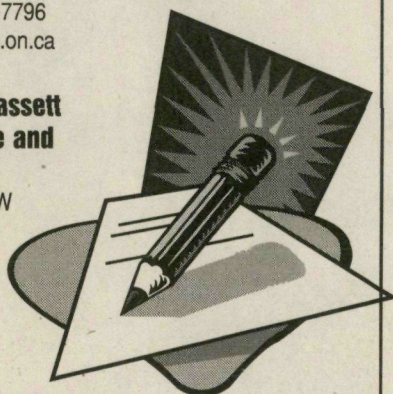
Or call toll-free in Ontario: 1-800-387-0058;
Direct dial in Toronto area: (416) 961-1660
Fax (416) 961-7796
E-mail - info@arts.on.ca

The Hon. Isabel Bassett
Minister of Culture and
Citizenship

6th Floor, 77 Bloor St. W
Toronto, Ontario, M7A
2R9

Tel. (416) 325-6200
Fax (416) 325-6195

Website: <http://www.gov.on.ca/MCZCR>



Selected portions of Ontario's Arts and Cultural Industries Budget

	1997-98	1998-99
Arts sector support	\$1,843,000	\$1,843,000
Arts endowment fund	0	12,500,000
Cultural Attractions Trust Fund	0	15,000,000
Cultural Industries Sector support	467,000	17,500
Art Gallery of Ontario	11,298,000	11,298,000
Ontario Arts Council	25,286,000	25,189,000
Ontario Film Development Corp.	1,735,000	1,663,000
The McMichael Canadian Collection	2,771,000	2,771,000
TV Ontario	49,040,000	47,540,000

The creation of new foundation increased total culture spending in Ontario by \$28 million in the 1998-99 budget.

ONTARIO

Property tax self-defence **It's no martial art**

by Brian Kelcey and Jim King

Across Ontario, many property owners are only just now receiving their 1998 tax bill. Taxpayers in other provinces looking to introduce market value assessment can take this as a lesson – don't expect the transition to be quick or painless.

Cities like London, Markham or Mississauga supposedly had stable assessment bases. Only now are taxpayers in these cities learning that CTF's predictions over the past two years were frighteningly true. The great property tax mistake is not just a Toronto problem but a systemic problem -- from St. Joseph's Boulevard in Orleans to George St. in Sarnia.

While the CTF and local ratepayer groups are pushing on with the anti-CVA holding action, individual taxpayers can still take steps to defend themselves from the Ontario government's property tax idiocy. Finance Minister Eves has announced (but not yet passed into law) an extension of the appeals deadline for taxpayers who feel shafted by the new Current Value Assessment system.

If you're one of those people, don't simply rush to appeal. The extension gives you time to pursue the informal appeal route with your local assessment office. Since local assessors are desperate to avoid a huge backlog of paperwork-heavy, costly, formal appeals, many taxpayers have won themselves healthy tax breaks by persistently pushing for early reconsideration of their assessments.

Here are some tips to help you through the preliminary appeal process. Be sure to read back issues of *The Taxpayer* for details on why these changes are taking place, and alternatives to them. Remember that:

- Your property taxes are a product of *relative* value. If your assessment has gone down, but not gone down at the same rate as comparable properties, your share of the property tax pool will almost certainly have gone up, along with your taxes.

- You can't assume that an

- Your assessment should reflect the value of your property at June 30, 1996. In general, residential and commercial property values decreased from 1992 to 1996. If your assessment value hasn't decreased, that's one reason to look more closely at your assessment.



ONTARIO

increase in your tax bill is simply the work of overspending councillors. Municipalities like Orillia cut tax rates, only to see assessments drive most tax bills up anyhow. Property taxes are directly related to the value of your assessment - the higher your share of the city's total property values, the higher your property tax. Statistics show for every assessment that is low, there is at least one assessment that is too high or incorrect.

■ CVA assessments are not

appraisals. Very few properties were examined carefully. Most of the assessments were 'drive-by,' rapid estimates made by temporary employees, who then used computers to turn those estimates into generalizations for an entire region. While useful, an appraisal isn't necessarily the be-all defence against a poor CVA assessment.

■ You must be certain the assessor has properly completed the job of assessing your property. Often, property owners have complained that CVA assess-

ments included mistakes about the size, condition, contents or even location of a particular property. Ask for all data on your property from the local office, and check it carefully.

■ Education taxes HAVE NOT been taken off your tax bill, despite the government's plans to do so. On average, the government's downloading scheme has merely traded 50% of the education property tax bill for a whole range of downloaded expenses. ■

Informally appealing your assessment: **Fighting back!!!**

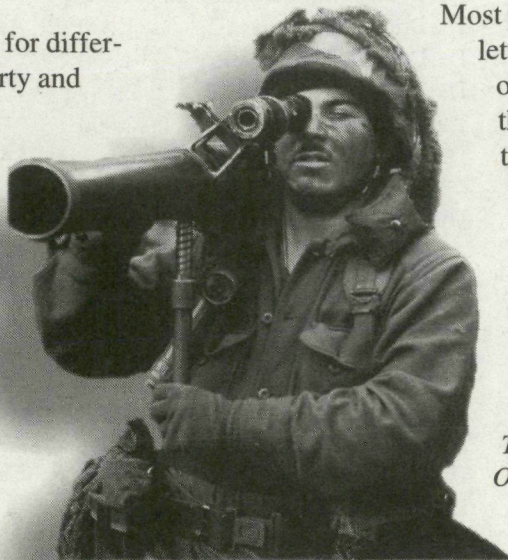
by Brian Kelcey with Brian King

1 Call your local assessment office. Get a print out (profile) for your property and for properties that were used as comparisons

2 Try and get some other comparisons. Use real estate, land registry or local assessment rolls to find properties similar to your own. The assessment date is June 30, 1996. Records of sales of similar properties near that date are an excellent tool for an appeal.

3 Check the 'comparables' for differences between your property and others. Compare size of lots and buildings, locations, exteriors and interiors. Focus on records of actual sales, since the CVA system uses those sales to set the value for similar properties. If a 'better' property is priced at an equal or lower level than yours, there's a good chance you can get an assessment reduction.

4 If you have enough ammunition, get a "NOTICE OF COMPLAINT" form from the local assessment office. Make an appointment to reconsider your assessment. Remember, assessors cannot discuss your taxes, only your assessment. After you have gathered information from the list above prepare a detailed, factual brief highlighting how your property is unfairly assessed relative to other similar properties.



Most people would never think of letting Revenue Canada complete or assess their income tax without the taxpayer's input and calculations. Why would you trust a property tax assessor who for the first time in history must work with a new system? Remember that Current Value Assessment has little to do with actual value.

*The bad news: On average, Ontario residents pay the highest property taxes in the world.
The good news: Taxpayers can fight back.*

Foreign aid?

The following is a partial list of grants and contributions handed out by the Department of Foreign Affairs and International Trade in fiscal year 1996-97. While Canadian Universities cry for more funding, notice the number of American universities that receive grants from the Canadian government including the University of Alaska, the University of Washington, Western Washington University and Wayne State University.

Canadian Heritage-ON	\$100,000	National Film Board of Canada	\$2,772	Theater Communications Group	\$1,360
Canadian Airlines	2,228	National Film Theatre	1,090	Theatre Artistic Athevains	2,050
Canadian Airlines	492	Northern Arts Board	910	Theatre Int. Langue Francaise	1,500
Canadian Studies Award	3,300	Northrop Frye Project	4,962	Theatre la Chapelle	675
CIDA - PQ	51,655	O.C.D.E.	166,688	Theatre du Gros Mecano	1,000
City of Newcastle	2,225	Parque del Lago Hotel	2,792	Tianjin College	1,320
Dundee Printmakers Workshop .	1,000	PTV Productions	3,000	University of Alaska - Anchorage	7,534
Dvorak Marta	5,500	Public Service Commission - ON	7,000	Universidad Autonoma De	3,000
Eastern Connectitut State		Public Works Canada - PQ	5,312,699	University of Aarhus	8,000
University	10,147	Punch Me in the Stomach Inc.	680	University of Inner Mongolia	334
Economics Wuhan Universtiy	1,670	Royal College of Art	800	University of Oregon	3,420
Edinburgh Book Festival	3,000	Royal West of England		University of Washington	10,823
Environment Canada - PQ	162,000	Academy	900	Vassar College	540
Faber&Faber	1,070	Serious	1,108	Wayne State University	4,791
Franklin College	3,422	Serious Games	2,150	Western Washington	
Glasgow City Council	9,350	Shaanxi University	835	University	11,986
Harbin Institute of Technology	3,870	Shandong University	926	Western Washington	
Indian Association for		Sharing Stories, P Muirhead	1,075	University	11,882
Canadian	26,400	Sheffield Documentary Festival	860	Fondation Jean-Pierre Perrault—	
Industry Canada Headquarters -		Societe des vents de		Quebec	15,000
ON	10,412,995	Montreal	1,200	Le Carrousel—Quebec	60,300
Instituto Tecnologico	30,000	Stanford University	10,306	Jeunesses Musicales du Canada—	
International Council for Canadian		State University of NY at Buffalo	5,475	Montreal	22,700
Studies - Ottawa, ON	7,605,406	The Bank of Nova Scotia	600	Les Grands Ballets Canadiens	40,000
Israel Association for Canadian		The Bridewell Theatre	1,000	Asia-Pacific Foundation of Canada—	
Studies	7,000	The Dulwich Picture Gallery	3,350	BC	150,000
L'Opera Francais	1,340	The Freedom Arts Festival	2,481	Asia-Pacific Foundation of Canada—	
Lanzhou University	3,007	The Glynn Vivian Art Gallery	2,000	BC	3,074,308
Latitude 45	1,359	The Israel Association for Canadian		Green Thumb Theatre—BC	8,223
Leisure Service Department	15,000	Studies	40,000	La La La Human Steps—PQ	150,000
Little Brown& Company (UK) ..	1,500	The Israel Association for Canadian		Royal Winnipeg Ballet—MB	190,540
M. Le Chef Comptable de		Studies	19,975	Theatre UBU—PQ	186,600
L'Univ.	1,000	The Israel Association for Canadian		V Tape—ON	10,000
MCA Music Entertainment	2,300	Studies	57,929	Vancouver Art Gallery—BC ..	10,000
MCM Entertainment		The Museum of Modern Art... 1,000		Du Maurier World Stage—ON	25,000
Management	800	The National Gallery of Canada .	1,363	Canadian Imperial Bank of	
Michigan State University	22,244	The National Museum Photograph	2,000	Commerce—Ottawa, ON ...	50,000
Museum of Contemporary Art	35,000	The Overlook Press	544	ON	9,155,721
Museum of Radio&Television ..	688	The Photographers Gallery	1,500	Canadian Broadcasting Corporation—	
Nankai University	1,002	The Redfern Gallery	1,000	ON	5,000,000
Nanouk Films	1,250	The Victoria&Albert Museum	680	Banff Television Festival—AB ..	15,000
National Museum of		The Whitechapel Art Gallery	1,000	Canada Dance Festival—ON ..	25,000
Photo/Film/TV	429	The Zelda Cheatle Gallery	1,000	Toronto Dance Theatre—ON ..	20,000

THE TAXPAYER

Council of Ministers of Education— ON	\$80,000	Desmarais—PQ	\$30,000	ON	\$75,860
Corporation of the Council of Ministers of Education—ON	80,000	Bella pomer Agency Inc.—ON ..	1,500	Association for the Export of Canadian Books	78,000
Tafelmusik—ON	98,800	Animation Inc.—PQ	679	Alliedsignal Aerospace Canada— ON	17,648
Contemporary Art Gallery—BC ...	500	Centre des Auteurs Dramatiques— PQ	11,000	Bernard Fuston & Assoc., Northern Canada Consulting—ON ...	20,000
Harbourfont Centre—ON	143,500	Playwrights Union of Canada— ON	12,000	Inuit Circumpolar Conference— ON	5,000
Dynamo Theatre—PQ	10,000	Theatre Smith-Gilmour—ON ...	3,000	Orbicom—PQ	14,000
Ochestre Symphonique de MTL	200,000	Nexus—ON	57,000	Canadian Institute of the Arts— BC	20,000
Power Plant—ON	4,000	Design Exchange—ON	60,000	The Marquis Project—MB	32,000
The Power Plant—ON	20,000	Cercle Vertueux Danse Theatre— PQ	6,000	Interagency Coalition on AIDS	20,000
Art Gallery of York University— ON	35,000	Eduplus Management Group Inc.— PQ	25,000	Canadian Voice of Women—ON	4,000
Musici de Montreal—PQ	45,000	Conseil des Arts du Canada— ON	50,000	Microchronicle Multimedia Entertainment—ON	10,000
Canadian Chamber of Commerce—ON	23,500	Royal Society of Canada— ON	10,338	Native Law Centre—SK	10,000
Wardrop Engineering Inc.— MB	98,000	Doubleday Canada Ltd.— ON	4,000	Pauktuutit Inuit Women's Association—ON	10,000
Art Gallery of Ontario—ON ..	35,800	Arsenal Pulp Press Book Publishers—BC ACCT— Paris	66,000	Majestic Fur Assoc.—ON ...	546,715
OBORO — Opera—PQ	13,520	Canadian Sporting Goods Association—PQ	70,000	Brewers Association CDA— ON	42,500
Plug In Inc.—MB	1,750	Italian Chamber of Commerce— PQ	2,500	Corner Brook Pulp&Paper Limited— Nfld	2,215
The Banff Centre for the Arts— AB	37,000	Consortium de Television Quebec- Canada—PQ	1,000,000	Harbourfront Centre Consulting— ON	142,825
Canadian Filmmakers Distribution Centre—ON	2,155	Asia Pacific Foundation of Canada— BC	657,976	Richmond Art Gallery—BC	5,000
Dancemakers—ON	25,000	Asia -Pacific Economic Cooperation—Singapore	418,880	Chinese Cultural Centre of Vancouver—BC	8,000
Arraymusic—ON	42,000	Agora de la Danse—PQ	17,139	Plug In—MB	2,000
Festival Int'l du Film—PQ	6,000	Les Deux Mondes—PQ	45,000	Ensemble Mondetta—MB	2,500
Centre du Musique Canadienne— PQ	180,000	The Canadian Chamber of Commerce—ON	250,000	Calgary Society of Independent Filmmakers—AB	1,950
Canadian Chamber Ensemble— ON	30,000	Louise Bedard Danse—PQ ...	12,000	OBORO—PQ	5,000
Canadian Institute of International Affairs—ON	70,000	YYZ Artisits's Outlet—ON	5,000	Menaka Thakkar and Company— ON	3,500
Saskatchewan Writers Guild— SK	3,000	TUYO—PQ	9,500	Lunar Chinese New Year's Festival of the Arts	5,000
McIntosh Gallery—ON	14,000	Canadian Native Art Foundation— ON	10,000	Chinese Canadian National Council— ON	1,000
Musee Cdn des Civilisations— PQ	45,000	City of Ottawa—ON	1,620,288	Upstream Music Assoc. — NS	5,000
O Vertigo Danse Inc.—PQ	1,500	Toronto Int'l Film Festival— ON	20,000	Devon House Craft Gallery— Nfld	5,000
O Vertigo Danse—PQ	88,500	Canadian Ditchley Foundation— ON	10,000	Anna Leonowens Gallery—NS	2,800
Ballet British Columbia—BC .	18,000	Inuit Circumpolar Council— ON	20,000	Coastal Jazz and Blues Society— BC	5,000
Winnipeg Film Group—MB	1,650	The Foundation for Educational Exchange Beteween Canada & the United States—ON	268,000	Canadian Asian Theatre— BC	3,500
Vancouver Int'l Film Festival— BC	15,000	Ideacom International Inc.— PQ	28,000	ART Starts in Schools—BC	5,000
Winnipeg Art Gallery—MB	1,400	Media Awareness Network—		Optica—PQ	5,000
Canadian Exporters' Assoc.	16,250			Teersri Duniya Theatre—PQ .	10,000
Corim—PQ	20,000			Foreign Ghosts Society Inc.— PQ	7,500
Phyzikal Theatre Co.—ON	2,700				
The Bukowski Agency—ON	9,650				
Edmonton Art Gallery—AB	8,400				
One Yellow Rabbit Perf Theatre— AB	36,448				
Compagnie Marie Chouinard Pierre					

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